



R E P O R T
OF
THE COMMITTEE
ON
CONSUMER PRICE
INDEX NUMBERS

GOVERNMENT OF INDIA
MINISTRY OF LABOUR
AUGUST 1981

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CHAPTER I

INTRODUCTION

Government of India constituted this Committee in November, 1980. The purpose for constituting the Committee, its composition, terms of reference etc., are set out in the Government of India Resolution No. Y-16013/8/80-LB, dated 18-11-1980 issued by the Ministry of Labour. The text of the Resolution is reproduced below :—

RESOLUTION

1.2 "No. Y-16013/8/80-LB.—The present series of the Consumer Price Index Numbers for Industrial Workers are compiled by the Labour Bureau on base 1960=100 and are based on the Family Budget Enquiries conducted in 1958-59. In order to ascertain the shifts in the consumption pattern of the working class, the Labour Bureau is to undertake a Fresh Family Budget Survey during 1980-81. The Government of India have decided to constitute a Committee to go into the question of preparation of new Series with 1980-81 as the base.

(a) The Committee will consist of the following :—

- | | |
|-----------------------------------|----------|
| (1) Dr. K. C. Seal, | Chairman |
| Director General, | |
| Central Statistical Organisation, | |
| Department of Statistics, | |
| New Delhi. | |
| (2) Shri Mahfooz Ahmed, | Member |
| Economic Adviser, | |
| Ministry of Finance, | |
| Department of Economic Affairs, | |
| New Delhi. | |

(3) Shri A. V. R. Char, Member
 Adviser,
 Labour Employment &
 Manpower Division,
 Planning Commission,
 New Delhi.

(4) Shri H. Pais, Member
 Joint Secretary,
 Ministry of Labour,
 New Delhi.

(5) Shri R. S. Deshpande, Member—Secretary
 Deputy Secretary,
 Ministry of Labour, New Delhi.

(3) The terms of reference of the Committee will be as follows :—

To go into the question of preparation of a new series of Consumer Price Index Numbers compiled by Labour Bureau with 1980-81 as the base year and suggest how the new series of Index Numbers may be compiled.

(4) The Committee will submit its report within a period of two months.

(5) The Committee will devise its own procedure as it may consider necessary."

1.3 The Committee held its first meeting on the 20th November, 1980, in which the procedure for its work was finalised. The Committee felt that for fulfilling its task it would be necessary to obtain views of Economists and Statisticians familiar with the subject of index numbers. It was also felt desirable to elicit the views of the officials associated with the actual collection of data and compilation of these index numbers. It was decided that this would be done by addressing a questionnaire to the experts and also through holding a meeting whereby the members of the Committee may elicit opinions and expert comments on various aspects of the

compilation of the Consumer Price Index. With a view to obtaining pointed response the Committee identified a list of important issues related to the conducting of the Family Income & Expenditure Survey (FIES) compilation of the index numbers and collection of price data. The questionnaire was to be framed on the basis of these issues which would also be the reference for consultation with the experts.

1.4 A copy of the questionnaire addressed to various experts and Director of Economics and Statistics eliciting their views on various aspects is given at Annex I. List of Directors and others who were requested to send their views and those who sent their views is given in Annex II.

1.5 The Committee met the Directors of Economics and Statistics on the 19th and 20th April, 1981 and discussed the specific points contained in the questionnaire and their replies thereto received from them. Names of the experts who attended this meeting are indicated in Annex II.

1.6 The Committee visited selected centres included in the 1960 and 1981-82 series for inspection of price collection and price supervision work. Detailed discussions were held with officers of the Labour Commissioners' Office, Department of Civil Supplies, Directorate of Economics and Statistics, and price collectors and price supervisors. During its visit to Bombay and Hyderabad, two of the selected centres the Committee had the benefit of discussion with the members of the State Committee on Consumer Price Index numbers constituted by the respective State Governments. Finally, the Committee visited Ghaziabad to inspect the work relating to Family Income and Expenditure Survey. A list of Centres/markets visited by the Committee is given at Annex. III.

Extension of time :

1.7 In accordance with the Resolution constituting the Committee, the Committee was requested to submit its report

in two months. However, examination of various issues and on the spot inspection of price collection work and Income and Expenditure Survey necessitated extension of the time limit up to 29 August, 1981.

Report :

1.8 The report is organised as follows :—

Chapter II gives the background of the subject. Chapter III deals with the scope and coverage of the New Family Income & Expenditure Survey and brings out its salient features. Chapter IV discusses the specific issues relating to the compilation of the Consumer Price Index numbers and other related matters and gives the Committee's recommendations on them. Chapter V deals with the price collection system and gives the Committee's recommendations; Chapter VI gives summary of the recommendations of the Committee. In Chapter VII the Committee has acknowledged cooperation and assistance received from different Organisations and individuals during its work.



CHAPTER II

BACKGROUND

Consumer Price Index (CPI) is designed to measure the change, over time, in the level of retail prices of a fixed set of goods and services consumed by an average family of a defined population group. The consumption pattern and prices paid by consumers will normally differ from family to family and it is not possible to have an index for each family. For practical considerations three segments of population have been identified in India for which separate consumer price indices are being compiled. These are industrial workers, agricultural labourers and urban non-manual employees. The Committee is concerned with the compilation of the index number for industrial workers.

2.2 The present All India Consumer Price Index for Industrial workers (1960=100) prepared by the Labour Bureau, Simla is the weighted average of consumer price indices pertaining to fifty factory, plantation and mining centres all over the country. The weighting diagram for each centre is based on the Family Living Survey conducted during 1958-59.

2.3 The improvement in the methodology and other technical aspects of the computation of the consumer Price Index is a continuing process. Various issues relating to the computation of the consumer Price Index have been reviewed and examined in the past by various expert groups/committees.

2.4 The Technical Advisory Committee on Statistics of Prices and Cost of Living (TACSPCL), constituted by the Government of India renders technical advice and guidance on a continuing basis to the agencies associated with the compilation of the Consumer Price Index numbers.

2.5 The issues relating to the Consumer Price Index were also examined by the Committee on Consumer Price Index Numbers (Rath Committee) which was set up in May, 1977 to review the various aspects of Consumer Price Index series and make recommendations thereon.

2.6 All these attempts have been directed to ensure that the Consumer Price Index becomes increasingly representative of the price change faced by the selected groups of working class families. This is also the reason for updating the Consumer Price Index series after certain intervals and incorporating such other practical improvements as may become necessary. The revised series with 1981-82 as the base will be based on a fresh Family Income and Expenditure Survey being conducted in 1981-82. The All India Consumer Price Index will be the weighted average of consumer price indices for seventy industrial centres. The coverage of the FIES will also be much larger not only in respect of categories of workers to be covered but also in terms of the number of items of consumption in the basket.

2.7 The Consumer Price Index has a number of important uses. As a measure of price change, it is utilised for working out the change in private consumption expenditure in real terms. It is also used as a deflator for determining the changes in the real income, real wages and for analysing inflationary trends in the economy. However, in India the CPI for the industrial workers is primarily used for the determination of dearness allowance payable to industrial workers and other including Central and State Government employees in the country. It is necessary that this aspect is also kept in view.

2.8 The construction of a consumer price index number involves.

(i) the identification of the population segment for which the CPI is to be constructed, (ii) the determination of the average consumption pattern for the segment of population ; (iii) selection of a representative sample of specifications of items commonly used by various groups within the population

segment ; (iv) regular collection of prices of the selected base year specifications from outlets generally patronised by the population segment.

2.9 A Family Income and Expenditure Survey (FIES) of the Families belonging to the concerned population segments has to be carried out in order to ascertain the average consumption pattern of the families which forms the basis for working out "weighting diagram" of the index number. The average proportion of expenditure incurred on each of the consumption goods or services by a family is a measure of importance of the consumption item and is referred to as the 'weight' of that item. Weights of various consumption items which comprise the item basket are generally referred to as the "weighting diagram" of the index. To eliminate distortions due to seasonal factors the FIES has to be conducted over the 12 months period. This period also becomes the base year for the CPI series. Once the item basket, i.e. the set of representative items commonly used by the average family are identified through market enquiries, the next major stage in the computation of the index is the collection of the price data. For this purpose it is necessary to have a viable price collection machinery which collects regularly the prices of the selected or comparable specifications of items from the outlets normally patronised by the working class families.

2.10 As regards collection of actual prices it is often observed that there are more than one specifications of an item which are popular among the selected population. For many items it is also found that certain sections of the population pay different sets of prices. For example, when some concessions and benefits are provided by some employers to their employees such employees may be paying lower prices as against others who have to pay the market price. Further, the country now has a well entrenched public distribution system which has been made a permanent feature. The commodities available from the fair price shops are priced generally lower than those in the open market. Besides, there are various commodities (school books, exercise copy books, firewood etc.) and services

(free primary education, free medical services, etc.) which are usually available at cheaper prices to working class families. These factors need to be considered in the compilation of the Consumer Price Index series.

2.11 The Committee feels that in view of the special use to which the CPI for industrial workers is put in the country and the above mentioned factors, the CPI should duly reflect the change in the average price of selected items in the item basket for an average working class family. The Committee further feels that when there are more than one specifications of an item, it would be necessary to ascertain the average price change of each popular specification. In other words, the average price paid by the selected population segment for each popular specification of the items included in the item basket both during the base year and current year are to be used for measuring the average price change.

2.12 In respect of items available at concessional prices or free of cost the correct average price paid for a specification by an average family of the selected segment has to be worked out by giving due weightage to different prices paid. This may not be an easy task. From practical considerations it may be necessary to take into account only the prices paid by the well defined sections of the population for the selected specifications of items which are included in the item basket. In order to give proper weightage it would be necessary to ascertain the prices paid either from the concerned outlets or agencies providing such concessional prices. In certain cases it will be necessary to find out the actual amount of commodities bought at concessional prices and that at market prices. It will also be necessary to find out the relative proportion of the population who enjoy such concessional prices. These proportions would form the weights for working out the average price paid in the base year for a specification of an item by the given population segment. As the proportion of population enjoying concessional prices or free commodities may undergo change with time, it will be necessary to ascertain the relevant relative proportions at regular intervals. These revised

weights should be used for estimating the average price paid by an average unit of the selected population segment at the given point of time. The average price of a specification of an item in a given period when compared to the average price in the base year could then be determined for each specification in the basket to calculate the relevant price relative. The average price relative of an item is then obtained as the simple average of the price relatives for all the specifications of that item.

2.13 The price relatives of the different items in the item basket are then averaged taking into account their relative 'weights' in the weighting diagram in order to work out the CPI number. The weighting diagram and the retail prices for the base and current periods are thus the two essential components of a CPI number.

2.14 It may be noted that the approach outlined above differs from the present approach of the compilation of the CPI in two important respects. The present approach enables taking into account different sets of prices paid by various sections of industrial workers for the selected specifications of items, unlike the 1960 series where such differences are not fully accounted for. Secondly, under this proposed approach, market enquiries will be needed to ascertain the relative proportions of the industrial workers enjoying concessional items and it would call for more attention to the price collection work and might need additional field staff and other resources.

2.15 It may also be noted that the revised series of the Consumer Price Index are meant for reflecting the change in the average price paid by an average working class family. Hence the CPI number may not be an appropriate deflator for deriving real private consumption expenditure for national income accounts. For deriving private consumption expenditure it is necessary to estimate the net availability for private consumption for each item after adjusting the total availability (indigenous production plus imports) for all other uses. The quantity consumed is evaluated at market prices except that retained for

own consumption which is evaluated at producers' prices. For example, for agricultural commodities the evaluation of the part retained by the producers for their own consumption is at producers' prices while the evaluation of the part purchased is at market prices. For the Consumer Price Index, however, producers' prices do not enter either at the stage of evaluating base year's index basket consumption or in the subsequent period. Moreover, under the proposed approach the actual prices paid are taken into account which in certain cases may imply explicit or implicit subsidies and concessions. For evaluating private consumption expenditure market prices rather than concessional or subsidised prices are taken into consideration.

2.16 Furthermore, the proposed approach takes note of the use of the CPI for industrial workers for Dearness Allowance adjustment. The CPI based on the actual average price paid for the specifications of items gives due weight to the concessional prices paid by various sections of industrial workers at different centres. Thus, for example, in some plantation centres, certain sections of plantation workers get free housing accommodation from employers whereas workers belonging to the other sectors e.g. factory, transport, etc. do not get such concessional accommodation. The rent paid by the plantation workers thus differs from the rent paid by other sections of workers. Under the 1960 series such differences are often ignored which does not appear to be an appropriate practice. Under the proposed approach due weight is given to various rents paid by various sections of industrial workers at a centre both in the base year and the subsequent period. This is achieved by using the relative proportions for workers enjoying free or concessional goods and services on the one hand and those not enjoying such services on the other, at each centre as weights for working out the average rent paid by different categories of workers at a centre. The average rent indeed represents the rent paid by an average industrial workers family.

2.17 The Committee has attempted to follow consistently this approach in its analysis and recommendations in the following chapters.

CHAPTER III

FAMILY INCOME AND EXPENDITURE SURVEY 1981-82

An essential requirement of the compilation of the Consumer Price Index is the weighting diagram. The weighting diagram is constructed on the basis of a family budget enquiry of the population to which the index number relates. The objective of the enquiry is to ascertain the above consumption pattern of the given segment of the population. The data on income and expenditure have to be of a representative character because the weighting diagram of the Consumer Price Index Numbers depend on the accuracy of these data. The weighting diagram would also be affected by the selection of centres, coverage of the workers, sample size etc. adopted in the enquiry. The enquiry has to be based on technically sound sample design. It is also necessary that persons involved in the collection of data are properly trained for the field survey and collection of price data.

3.2 The Family Living Survey conducted during 1958-59 which forms the basis of the present Consumer Price Index series with base year 1960 was the first Survey of its type carried out on uniform lines all over the country. The Labour Bureau conducted a Family Income and Expenditure Survey in 1971 with a view to revising the Consumer Price Index series with 1971 as the base year. However, the release of the 1971 series was delayed. It was therefore, felt that the 1960 series may be replaced by a new series with 1980-81 as base year. The work of the Family Income and Expenditure Survey has started in the beginning of 1981. Therefore, the new series of Consumer Price Index Numbers would be with base 1981-82.

3.3 The Labour Bureau started the preliminary work for conducting the enquiry in May 1980. The methodological and technical aspects of the survey were decided by TACSPCL in the Department of Statistics. For this purpose working papers were prepared covering different aspects of the survey such as concepts, coverage, definition, and selection of centres, sampling design, sample size, and schedules and instructions etc. for approval of the TACSPCL. These papers were approved by the TACSPCL in July, 1980. Following the past practice, the field work of the family income and expenditure survey has been entrusted to the Field Operations Division of the National Sample Survey Organisation. The Data of the Survey would be processed in the Regional Computer Centre, Chandigarh.

3.4 With a view to eliciting suggestions on price schedule and other related matters Labour Bureau held meetings with the Governments of Andhra Pradesh, Assam, Bihar, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, Delhi, Goa and Pondicherry and representatives of local organisations of employers and trade unions.

3.5 This Committee was informed that the State Governments' suggestions made during these meetings as well as the recommendations of the Rath Committee on the technical and other aspects of the Family Living Survey have been taken into account while designing the new survey.

3.6 The related issues were also considered by the Committee. The Committee was also apprised of the technical papers submitted to the TACSPCL and its decisions on them. After detailed consideration the Committee endorsed the decisions of the TACSPCL on various technical aspects of the survey. The Labour Bureau was accordingly instructed to continue with the conduct of the family income and expenditure survey.

3.7 The broad features of the family income and expenditure survey 1981-82 are discussed in the following paragraphs :—

(i) *Scope of the Survey :*

3.8 The present survey is limited to obtaining data on the consumption pattern of the industrial workers' families during 1981-82. As the survey relates to collecting data on consumption pattern, its scope is limited as compared to that of the 1958-59 enquiry which also covered other aspects of level of living, e.g. cultural, health, education and security aspects have not been included. Indeed the 1981-82 survey is similar to the one conducted in 1971.

(ii) *Period of the Survey :*

3.9 The preliminary field work of the survey started sometime during August 1980. The Field Organisation Division of the National Sample Survey Organisation launched the main survey in the month of March, 1981. The survey would be spread over a period of 12 months. Thus the weighting diagram for the new series would relate to the 12 months ending February 1982, except in the case of the Centres in Assam where the field survey started a little later.

3.10 As regards the price data for the base year, the Committee was given to understand that while in 60 out of 70 centres price collection has synchronised with the family income and expenditure survey, in the rest of the Centres price collection work started in later months for various reasons such as disturbed situation in the Centres of Assam and Gujarat. In view of these difficulties, the Committee recommends that the base year of the new series may be decided by TACSPCL after price data for 12 months for all the centres are collected.

(iii) *Coverage of Workers :*

3.11 The previous two Surveys in 1958-59 and 1971 covered workers in three sectors viz. factory, plantation and mines. In the present family income and expenditure survey, coverage

has been significantly extended. Workers in four additional sectors viz. ports and docks, railways, electricity generating and distributing establishments and public motor transport have been brought under the purview of the Survey. The matter relating to the extension of the coverage of the workers in the family income and expenditure survey was referred by the Labour Bureau to the TACSPCL. The TACSPCL set up a small working group to examine *inter-alia* the question of coverage. This Group considered the feasibility of extension of coverage to other sectors and felt that extension should be made for sectors for which employment data are available. The TACSPCL examined the Groups' suggestion and the existing employment data for various sectors and decided to extend the coverage to the above mentioned four new sectors. The Labour Bureau was accordingly advised to include workers of ports and docks, railways, electricity generating and distributing establishments and public motor transport in the new Survey. Further in the earlier surveys the enquiry in a centre was restricted to workers' families in a particular sector for which the centre was selected. In the present survey while the centres may be selected on the basis of whether they are factory, mines or plantation centres, the survey would cover all workers' families in the seven sectors.

3.12 The earlier family living surveys were criticised on the ground that they had not covered contract labour employed in various sectors. The Committee was informed that in the present survey efforts are being made to cover contract labour in the seven sectors as far as possible.

(iv) *Definition of Working Class Family :*

3.13 The definition of Working Class Family has remained basically unchanged. The working class family is defined as 'one which is located within the centre, which has at least one member working in any one of the selected employments and which derives 50 per cent or more of its income during the calendar month preceding the day of enquiry from any manual work'.

(v) *Selection of Centres :*

3.14 The number of centres for the new Consumer Price Index Numbers has been increased to 70 as compared to 60 centres in the 1971 survey and 50 centres in the 1958-59 survey. Also the number of markets for price collection has been increased from 141 in the 1958-59 survey to 261 in the new FIES. The number of centres has been increased, by and large, in proportion to the increase in employment of the three sectors viz. factories, mines and plantations over a period of 10 years. The total number of workers employed in factories, mines and plantations increased from 62.87 lakhs in 1966 to 76.72 lakhs in 1976 which had formed the basis of selection of centres for the 1971 enquiry. As the employment between these two years has increased by 22 per cent, the number of centres to be covered should have been 73. However, because of financial constraint, the total number of centres has been restricted to 70.

3.15 Employment in these 70 centres accounts for about 48 per cent of the total employment in factories, mines and plantations as compared to 29 per cent in the 50 centres for 1960 series and 22 per cent in the 60 centres of 1971 survey. The list of 70 selected centres by States/Union Territories is given at Annex. V. The 70 centres have been distributed to the three sectors viz. factories, mines and plantations in proportion to their respective employment at the all India level. The factory sector has been allocated 55 centres, mines sector 7 centres and plantation sector 8 centres. The number of centres has been distributed among the States on the basis of industrial employment in each State within each sector subject to a maximum allotment of 5 centres in a State for an individual sector. The actual selection of centres in each State has been done mainly on the basis of the importance of the centre as judged by the industrial employment at that centre. Thus centres having maximum employment in the list supplied by the State Government have been selected. On this new criterion, seven centres which were included in the 1960 series have been

dropped in the new series. On the other hand, 27 new centres have been added to the list of the 1960 series.

(vi) *Boundaries of Certain Centres :*

3.16 At the suggestion of the State Government of Assam the boundary area of Labac has been extended to include Silchar and that of Doomdooma to include Tinsukia. In the 1960 series the boundary of the Bombay centre was limited to Greater Bombay only and that of Calcutta excluded the Industrial Region. In the new series the boundary area of the Bombay centre would cover Thana town and in Calcutta centre the Industrial Region will be included.

(vii) *Type of Sampling :*

3.17 Among the two methods of sampling, namely, (a) pay roll sampling, and (b) tenement sampling, pay roll sampling was adopted in 34 centres and tenement sampling in 16 centres during the 1958-59 Family Living Survey. In the Current Survey also, both sampling methods have been adopted. Owing to the coverage of seven employment it has been found necessary to adopt a combination of the two methods at certain centres. Thus, pay roll sampling has been adopted in 58 centres; tenement sampling in 1 centre and the combination of the two in 11 centres. Details may be seen at Annex. IV.

(viii) *Sample size :*

3.18 The sample size for each centre has been determined by considering (i) the maximum value of co-efficient of variation (C.V.) estimated on the basis of price data of January and July of each year from 1974 to 1978 and the precision envisaged for the 1981-82 series viz., 2 per cent C.V. and (ii) the change in the comparable working class population between 1966 and 1976 (i.e. in factories|mines|plantations sectors). On the basis of the above criteria the family income and expenditure survey would cover 32616 working class families compared to 23460 families in the 1958-59 enquiry. On the basis of co-efficient

of variation the sample size for some of the centres may have been reduced as compared with the sample size in the 1958-59 survey. However, taking into consideration the views of certain users' organisations the sample size has not been reduced in any centre. The sample sizes during the current survey as against those of 1958-59 survey are given at Annex V.

(x) Common Centres for new series of Consumer Price Index Numbers and State Series :

3.19 Among the 70 centres selected for the new series of the Labour Bureau, there are 17 centres for which the State Governments are compiling Consumer Price Index Numbers with different base years. These common centres are mentioned at Annex VII. We understand from the Labour Bureau that State Governments except Kerala have expressed their willingness to discontinue their series as soon as the new series of the Labour Bureau with 1981-82 is released. The Kerala Government has however expressed that their own series for three centres viz., Mundakayam, Quilon and Trivandrum (1970=100) with a somewhat different scopes and coverage should continue as they feel that their series are more suited for regulating minimum wages under the Minimum Wages Act. Thus except Kerala there would be no parallel series for any Centre after the new series of the Labour Bureau are released.

CHAPTER IV

COMPILATION OF THE NEW SERIES OF CONSUMER PRICE INDEX NUMBERS

The 1960 series of the Consumer Price Index Numbers have been criticised in the past on several grounds. Criticisms relate to alleged deficiencies in the Family Living Survey of 1958-59, the methodology followed in deriving the weighting diagram of the centre and the all India Index Numbers and the price collection system. The Committee felt that as far as possible the new series of the Consumer Price Index Numbers with 1981-82 as the base year, should rectify the deficiencies. The Committee also examined the related recommendations of the Rath Committee. A set of issues having important bearing on the compilation of the consumer price index was identified by the Committee for detailed consideration. These issues have been discussed for the following paragraphs.

Price index for cereals in the modified rationing area

4.2 Public distribution system is meant for making available cereals and other essential commodities at fair price shops throughout the country at reasonable prices fixed by the Government. In most centres included in the new series of Consumer Price Index number, fair price shops have been set up for selling items such as rice, wheat, sugar, etc. to the consumers at fixed prices. A system of rationing is also in operation in these areas. All these items available under rationing are also sold freely in the open market. These areas are therefore termed as modified rationing areas. In certain centres of West Bengal, however, there is statutory rationing for rice and wheat as open market sale of rice and wheat is not legally allowed. In the modified rationing area prices of the specific items differ at the Fair Price

Shop and in the open market. Often there was significant difference in the quality of foodgrains sold in the fair price shops and in the open market. Foodgrains sold in the open market shops are generally superior in quality compared with the foodgrains sold in the fair price shops. This raises the important issue of the treatment of the two sets of prices in the compilation of the index.

4.3 In the 1960 series both sets of price, i.e. prices at the fair price shops and the open market are taken into account in the compilation of the Consumer Price Index Numbers. For every centre the respective weights for averaging the price in the fair price shop and in the open market are determined on the basis of the quantity of the cereal admissible to the ration card holder. In other words the admissible quantity out of the total quantity of consumption per capita in the base year (estimated on the basis of the family living survey in 1958-59) forms the weight for the price in the fair price shop. This procedure has been criticised by the users particularly the representatives of the working class. According to them, this method of weighting does not correctly reflect the actual prices paid. It is argued that often the rationed items are not available in admissible quantity from the ration shop. It is also felt that the quality of the commodities supplied through the shops is inferior. Thus, the actual off take of the rationed items from the fair price shops is often less than the amount admissible. The remaining amount is bought by the workers in the open market. The open market purchases tend to increase whenever the difference between the price in the fair price shop and the open market has not been very significant and the quality available in the open market compensated for the higher price charged in the open market. Therefore, it will be appropriate to weight the price in the fair price shop on the basis of the actual off-take instead of the admissible quantity.

4.4 This view has been opposed by some others on the ground that Government have started the Fair Price Shops for the benefit of consumers who are expected to avail of this

facility to the fullest extent. According to them, therefore, the weight for the price in the Fair Price Shops should be based on the admissible quantity and not on the actual off-take.

4.5 The issue was also put to the experts in the field. It was generally felt that on technical grounds it is necessary to take the actual quantities bought from the fair price shops and balance from the open market to form respective weights for determining the required average price.

4.6 The Committee recommends that off-take rather than admissible quantity should form the basis of weighting the price in the fair price shops.

4.7 There are various methods of measuring the actual off-take. The Committee considered the proposal made by the Rath Committee for ascertaining the average off-take from the fair price shops. The Rath Committee recommendation was based on the assumption that the Labour Bureau would be able to collect every month following detailed information on the off-take from fair price shops which are predominantly patronised by the working class families :—(i) The number of ration card holders registered with the fair price shop ; (ii) Number of units ; (iii) Admissible quantity per unit ; (iv) Opening balance ; (v) Quantity received during the month ; (vi) Quantity sold during the month ; (vii) Closing balance. During the inspection of price collection work in different centres the members of the Committee noticed that a large number of fair price shops selected by the Labour Bureau for price collection were catering to the needs of not only some industrial workers' families but also a significant number of non-industrial workers' families. The Committee felt that this method will not give an unbiased estimate of the off-take and thus will not correctly indicate the average off-take of working class families.

4.8 One member of the Committee (Dr. Mahfooz Ahmed) felt that while monthly off-take survey of selected labour households from the Family Income and Expenditure Survey is

theoretically the right method, such a survey is fraught with many conceptual and practical problems. Such a survey if conducted every month at 70 centres throughout the country would involve substantial manpower and financial resources. Moreover, it may also delay the compilation of the Consumer Price Index which already has a time lag of 5-6 weeks. He felt that for Industrial workers actual off-take from the fair price shops is unlikely to be much different from the amount actually available from these shops. Hence, actual amount available from fair price shops will be a good approximation of the actual off-take. He felt that it is easy to collect the relevant information from the civil supplies authorities at the Centre. The information required to be collected from the Civil Supplies authorities once a month, will be :

- (i) number of card holders at the centre ;
- (ii) number of total units at the centre ; and
- (iii) total amount of a commodity made available to all fair price shops in a centre during the month.

With the help of this information it will be possible to estimate the average quantity of a commodity available through fair price shops in a month. He recommended that this average quantity available per unit as a proxy of actual off-take should form the weight for the price in the fair price shop. The Committee was informed that this type of information from the Civil Supplies authorities is already being collected by the Labour Bureau.

4.9 The other four members of the Committee felt that in view of the differences in price and quality in the fair price shops and the open market, it would not be realistic to assume that in the case of industrial workers off-take from fair price shops was likely to be the same as the quantity actually available. They felt that, instead of relying on such as *a priori* assumption it would be appropriate to collect the actual off-take data from the working class families with due probing. The Labour Bureau at present conducts every month half-yearly house rent surveys

of staggered sub-samples of families. The Bureau should, without any significant addition to expenditure, be able to collect the off-take of rationed commodities each month from the same staggered sub-samples. The Committee was informed that such a procedure is currently adopted in the case of consumer price index for urban non-manual employees with the approval of the TACSPCL.

4.10 The Committee further recommends that till a final view is taken on the feasibility of the two approaches, or for any reason if the measurement of average monthly off-take on the lines suggested above is not possible, the existing procedure based on the quantity admissible to the ration card holders may be continued.

Price Index for Cereal in the Statutory Rationing Area

4.11 At present in certain centres selected in West Bengal, there is statutory rationing for rice and wheat. Any sale of rice and wheat in the open market in the State is not legal. Till the end of 1973 the Labour Bureau was assigning the entire weight for the price of rice in the CPI numbers for these centres to the ration price. From 1974, the Labour Bureau after consulting the TACSPCL changed this practice and started following what it calls the "corrective action". Under this practice if the admissible quantity in the ration shop falls short by more than 15 per cent of the quantity of consumption in the base year, the weight accruing to the short fall is distributed pro-rata over the rest of the items in the food Group and the index for the Food Group as a whole except rice is taken as the index for the short fall quantity. For the admissible quantity of rice, the price index is compiled on the basis of the current ration price and the base period price of rice. The index for the Food Group as a whole is arrived at as the weighted average of the two indices calculated as above. If the short fall is less than 15 per cent, the entire weight is assigned to the ration price.

4.12 The Government of West Bengal have stated that in statutory rationing area, the prices of rationed commodities only should be used in compilation of Consumer Price Index Numbers. It has been suggested that weight corresponding to the short-fall may be distributed pro-rata over the rest of the items of the cereals sub-group instead of considering the broad group of Food. For example, the weight corresponding to the short-fall of rice may be distributed among the items under 'Cereal'.

4.13 As regards the suggestion of using black market prices, the Committee is of opinion that apart from the legal objection, there would be practical difficulties in collecting black market prices. Firstly it is not certain that the selected shops would continue to be located at the same place or doing the business for a continuous period at any place. Price collection from shops which may be changing places would be difficult and continuity of price collection can not be maintained in such cases. Secondly as no records regarding such sales would be available, supervision of price collection would be almost impossible. The Committee therefore, does not favour utilisation of the so called black market prices in the statutory rationing areas for the compilation of the Index.

4.14 As regards the suggestion that the price of close substitutes like Chiramoori should be utilised, the Committee feels that Chiramoori and similar products are only supplementary food items and cannot correctly represent the staple food like rice. Hence it would not be appropriate to take the prices of such items for pricing. The Committee therefore suggests that the existing practice of taking "corrective action" should continue except that for measuring the short fall from the quantity of consumption in the base year, the off-take from the ration shop may be estimated on the lines suggested in paragraphs 4.8 to 4.10.

Price Index for Sugar

4.15 Sugar is sold in the Fair Price Shops at controlled price to ration card holders. It is also freely sold in the open market.

In the past availability of sugar in the Fair Price Shops and in the open market has fluctuated widely. However, as regards actual off-take from the Fair Price Shops the situation regarding sugar is different from that of cereals in the modified rationing area. Because of the wide difference between the levy and open market price, the actual off-take of sugar from the Fair Price Shop is equal to the admissible quantity. Hence the weight to be assigned to the ration price of sugar should be based on the admissible quantity. For the shortfall if any, between admissible quantity and base year per unit consumption the open market price should be used. However, if in future actual off-take in a month is less than the admissible quantity the weight assign to the ration price should be based on the actual off-take or availability.

4.16 In the tea gardens of Assam, there are no Fair Price Shops. If the plantation owners make arrangements for the distribution of levy sugar to the workers, quantity sold through such arrangements should be taken for assigning weight to the controlled price. If no such arrangements exist, the open market price should be used.

4.17 If the admissible quantity is higher than the base year consumption, the entire weight for sugar in the CPI Numbers would be assigned to the quantity admissible in the fair price shop.

House Rent Index

4.18 Prior to the compilation of 1960 series the rent index for factory centres was kept constant at 100. Since the introduction of the 1960 series this practice has been given up. In the 1960 series due account is taken of changes in house rent. For this purpose, the house rent index is being revised once in every six months. The revision is made on the basis of data of house rent collected twice in a year in respect of selected dwellings, the sample of dwellings being staggered uniformly over each half of the year. The sample dwellings in each round are selected in

such a manner that the interval of approximately six months is kept between the two successive visits to the same dwelling. The dwellings selected are from those occupied by a sub-sample of workers covered in the main family living survey. The index for house rent thus calculated every six months is kept constant for a period of six months. The house rent index is calculated on a chain base method. Half yearly revision in the index is made on the basis of changes in rent during the previous 6 months.

4.19 For plantation and mining centres the house rent index is kept at 100 because while in plantation centres it is obligatory to provide rent-free house to eligible workers, it is presumed that rent free houses are made available to the mining workers. There are 8 plantation and 7 mining centres in the 1960 series, and the weights of these centres house rent index are 0.59 and 0.47 respectively out of the total weight for rent of 6.26 in the All India index.

4.20 The present method of calculating the house rent index for factory workers is an improvement over the earlier practice of keeping it constant at 100. However, it has been criticised on the ground that it does not take into account the rent paid by those workers who occupy new houses constructed after the base year. If the rents paid by the workers occupying new houses constructed after the base year are taken into account, it is argued the house rent index may show a higher increase than at present. It is also argued that in the plantation and mining centres all the workers are not provided with rent-free accommodation. The Committee was informed by the Ministry of Labour that at present out of 10.68 lakh plantation workers 5.36 lakhs are eligible for rent free accommodation, but only 3.72 lakh workers have been provided with rent free accommodation. Similarly, for nearly six lakh workers in coal mines, 1.88 lakh houses have been constructed by the employer.

4.21 As mentioned of the score of the 1981-82 FIES and have been constructed by the employer expanded to include four the workers are not have besides factory, plantation and

mining workers. The Committee recognises the existence of rent-free, rented and owner-occupied houses in some centres, although their relative importance may differ from centre to centre. The Committee, therefore, recommends that in regard to rent index no distinction need be made and uniform practice of calculating rent index be followed for all centres included in the new series.

4.22 The Committee recommends that consistent with the new procedure as elaborated in Chapter II, the rent for rent-free houses be treated as Zero. In the calculation of the overall average rent index for the centre, the zero rent for rent free houses should be weighted by the proportion of the index population residing in rent free houses.

4.23 The Committee recommends that for rented houses the present practice of conducting a six monthly staggered survey of selected sample households should continue to be followed in all the centres. The component of the rent index in respect of the rented houses for the overall rent index for the centre should be derived by using the proportion of index population residing in rented houses as weights.

4.24 The Committee recommends that for owner occupied houses in each centre the rent index should be based on the rent paid for similar rented accommodation in the same building or nearby locality. If, however, it is not possible to get comparable rent in respect of such owner-occupied houses, the Committee recommends that the house rent index for owner-occupied houses may be taken to be the same as that of the rented houses.

4.25 The Committee recommends that adjustments for differences in rent paid should be made every six months and the data on the proportions of index population residing in rent-free, rented and owner-occupied houses should be collected every six months by undertaking a special survey of the working class families covered under the FIES, 1981-82 for making adjustments in the rent index.

4.26 As regards new houses, no adjustment is being made in 1960 CPI series. There is a view which does not favour inclusion of the new houses occupied after the base year period. It is argued that once the sub-sample house is selected in the base period it would not be proper to change it during the currency of the index as such a step would be contrary to the fixed basket theory of CPI Numbers. Those who favour the existing method also argue that house rents do not change in the short period and addition of new tenants to the labour force are only marginal during a short period. Therefore, it is not necessary to carry out a revision of the house rent index from year to year. Such a revision if necessary may be considered after say 5 years by means of a small survey. Another view is that it is desirable to take account of new houses occupied by workers in the compilation of the rent index but there are certain difficulties in doing so. According to them, the sub-sample adopted for the compilation of the House rent Index, is so small, that changes in the rent of new houses are not likely to create any significant impact on the House Rent Index.

4.27 One member of the Committee (Dr. Mahfooz Ahmed) felt that inclusion of new houses in the computation of CPI is tantamount to changing the base year consumption pattern and thus will violate the fixed basket principle of constructing CPI. The solution to the problem of new houses, like many other items included in the consumption basket where similar situation arises, lies in revising the base of the index at short intervals. He therefore, recommended that no account should be taken of new houses in the estimation of the average house rent index for the centre.

4.28 The other members feel that the fixed basket theory does not hold good for calculation of change in the average house rent as the quality of existing houses changes with age, even if repairs and maintenance are undertaken at regular intervals. It would be appropriate in such a situation to compare the average rent being paid by an average family belonging to the chosen population segment during the base period and the

current period for working out the house rent index. The present methodology of carrying out house rent surveys every six months to determine the changes in average house rent would be adequate for those centres where proportion of families residing in new houses is negligible. On the other hand, it is often noticed that in most of the centres, particularly in the industrial centres, some new colonies come up where a large number of families belonging to the chosen population segment might start residing. In view of the fact that it generally takes some time for such new colonies to come up in the various industrial centres they suggest that some field staff should be earmarked by the Labour Bureau for conducting special house rent surveys every year in certain selected centres where new residential colonies are reported to have come up in large numbers, to find out the average rent paid by a section of the index population residing in the newly constructed colonies. This average rent for new houses should be combined with average rent of old houses to determine the overall average house rent to be used in the construction of the house rent index. The weights to be used for this purpose should be the relative proportion of index population residing in the new and old houses of the industrial centre. It is, therefore, suggested that all the industrial centres may be covered in batches in the course of next five years through annual special house rent surveys to determine the average house rent prevailing in newly constructed houses. In the annual special house rent survey besides details on current house rent, information on (i) relative proportion of index population residing in old and new houses, (ii) proportion living in owner occupied, rented or rent free houses may be collected. The half yearly house rent survey may be continued as before in order to determine the average rent of old houses.

House Rent Index for Houses/Flats covered under Rent Control Act

4.29 In some centres like Bombay, Rent Control Act is in operation and a certain proportion of workers may be residing in the houses covered under the Rent Control Act. In such

cases a situation may arise where the tenant not only pays the rent admissible under the Act but also incurs some expenditure on current repairs and maintenance of the house because the owner does not spend on repairs and maintenance due to low rents received by him. The Committee recommends that the rent for such houses should include both the rent paid under the Act as well as the additional amount actually spent by the worker on current repairs and maintenance.

Adjusting the Index for quality changes

4.30 It is observed that the quality of cereals sold in the fair price shops changes frequently and over a period the quality and specifications available in the fair price shops differ from the quality and specifications for which the base year price had been collected. At present such changes in the quality are ignored by the Labour Bureau. There is a view that adjustment should be made for quality changes not only in respect of foodgrains but also for other items. This may be done by adopting hedonistic price numbers. In brief this method consists of observing effects of certain characteristics of a commodity upon its price and isolate the implicit price of such characteristics to arrive at price change that has actually occurred. It has been suggested that in the Indian context this methodology can be adopted for working out indices of rationed commodities, clothing items and also other commodities whose varieties are frequently replaced. This method assumes that difference in the quality of a commodity is reflected in the difference in the respective prices. However, in the case of rationed items, as commodities (say wheat, rice, etc.) of different quality are sold at the same price, quality differences are not very relevant. It is also possible that varieties sold through fair price shops may not necessarily be available in the open market and hence the requisite price difference due to quality cannot be isolated even on the basis of the open market prices. It may not, therefore, be possible to construct hedonistic price indices nor will it be possible to take into account quality difference by the method of splicing particularly in the case of food products. The

Committee recommends that the present practice of constructing the index for rationed commodities i.e. without taking into account the quality differences may be continued.

4.31 The Committee considered the adoption of splicing for other items such as clothing where changes in the characteristics are even more frequent. Any quality changes in clothing occurs in counts of yarn, mix of synthetic fibre, borders, colours, prints, etc. and it would be very difficult to isolate the price impact of each of these changes. Often the required information is not available from the retail shops while reference to the textile mills may take a long time. Moreover, price change may also result due to other factors e.g. sales promotion and advertisement, rather than only due to quality changes. In view of these difficulties, the suggested method does not seem feasible for the compilation of the CPI. However, the Committee feels that when an item is completely changed qualitatively or in terms of major characteristics, the new items should be introduced in the index after splicing its price. Alternatively the weight of such items may be distributed over the other constituents included in the item basket.

Clothing

4.32 It is reported that the pricing of clothing items presents difficulties to the price collectors and price supervisors due to frequent change in their varieties. According to the present practice, whenever a variety of a clothing item included in the price schedule disappears from the market and another variety takes its place in the sale counter, the price collectors have been instructed to indicate whether the substitute is comparable to the variety that has disappeared from the market. The price collectors are required to compare its price with the price of the variety that has disappeared along with the characteristics and report the matter to the Labour Bureau. After receiving the particulars the Labour Bureau scrutinises them. Where particulars of the new items are comparable with the old item that has disappeared from the market, the new item is treated as a comparable item.

and its price is taken as a substitute for the price of the old item that has disappeared. When the new variety is not considered comparable with the old variety the new variety is utilised only after splicing.

4.33 During its visit the Committee noticed that it was difficult for the price collectors to study the characteristics of different varieties of clothing items available in the shops and to exercise the correct judgement as to which of the variety is comparable. The tendency of the price collector often is to select a substitute which is nearer in price of the substitute item after consulting the shop keeper. In the centres where well known Textile Mills have opened their retail shops price are taken from such shops only and the price changes of the items sold in these shops are taken as a representative price change of the clothing group as a whole.

4.34 It was suggested to the Committee that in order to simplify the procedure for pricing of clothing item, wherever well known Textile Mills have opened their retail shops prices prevailing in those shops may be taken for the compilation of CPI Numbers. These retail shops sell most of the clothing items consumed by the working class people. The information on prices and substitutes is readily available in these shops. These shops are also ready to cooperate with price collectors in filling in the price schedules. Under the circumstances, the Committee agrees that in centres where well known Mills have opened their shops, the price index for clothing may be compiled on the basis of prices collected from these retail shops. Labour Bureau should continue to process the price information relating to these shops according to the usual procedure and utilise it for the compilation of the CPI Numbers.

4.35 However, certain items like Handloom Saries, Lungies, Chaddars etc. may not be sold in the Mills' retail shops, and hence for pricing such items Handloom Cooperatives and other shops where handloom products are sold may be selected for collecting price information.

4.36 The Committee feels that price supervisors have to play a more effective role than at present in pricing of clothing items. Whenever price collectors face difficulty in pricing of a clothing item, price supervisor may personally visit the shops for a study of the characteristics of the substitutes before sending a report to the Labour Bureau.

4.37 It is reported that similar difficulties are being faced in pricing of ready made garments. The Committee feels there are real difficulties in this respect and no easy method of measuring the price change for ready made Garments is possible. The Committee recommends that the weights for the ready made garments may be appropriately distributed to the respective items under clothing and stitching charges under the Miscellaneous group.

Tobacco and Liquor

4.38 The Consumer Price Index is composed of six main groups of which "Pan, Supari, Tobacco and intoxicants" is one. In the 1960 series, the weight for this group is 4.79 out of 100. It is sometimes suggested that as the consumer price index is used to regulate the variable dearness allowance, it should not include items like tobacco and liquor which are not essential items and that the dearness allowance may compensate the rise in prices of essential items only. Another view is that the consumer Price index numbers should reflect change in prices of all goods and services which are reported in consumption and no distinction should be made between the commodities as essential and non-essential. Tobacco and intoxicants sometime form a significant proportion of the overall monthly consumption expenditure of workers and therefore it would be only proper to include these items in the index numbers. In India some of the poorest people spend their income on tobacco and it will not be possible to pass a judgement on whether such items are essential or non-essential or luxuries for them. In fact, one extreme view is that even when there is prohibition in a State, the price of country

liquor, which may be sold illegally should be taken into account for the index compilation.

4.39 The Committee felt that the Consumer Price Index Numbers should faithfully represent the consumption pattern of workers and it is not desirable to introduce normative considerations in the compilation of Consumer Price Index. The weighting diagram should continue to be based on the entire consumption basket as determined by the FIES. No distinction should be made between the essential and non-essential items for the compilation of Consumer Price Index numbers. If prohibition is introduced during the life time of the Consumer Price Index series, after the base period, liquor should be excluded altogether from the index and price charged for any illegal sale should not be considered. The weight assigned to liquor should be pro-rata distributed to all the other items in the index. On the other hand, if prohibition is lifted, liquor might be reintroduced in the index basket. Some members, also felt that as Consumer Price Index is used for dearness allowance adjustment, users of the index may negotiate the question of what should constitute the item basket and the extent of compensation under the dearness allowance adjustment in respect of items included in the item basket.

Prepared Foods

4.40 In every centre, expenditure is reported on consumptions of tea, coffee, snacks and Thali. Over a period of years while the prices of prepared food items have increased, their quality and quantity have decreased. It is therefore pointed out that the prices of the prepared food items during the current period are generally not comparable with the prices of the base period and the index needs to be corrected for qualitative and quantitative changes. Another alternative suggested is that instead of pricing the prepared food items their weights should be distributed to other food items in the Food Group. While commenting on this suggestion it has been observed that in metropolitan cities like Bombay and Calcutta nearly 30 to 35 percent of the workers spend on prepared food every day and the price trend

of these items may not be similar to price trend of the items in the Food Group as a large proportion of the cost of these items consists of labour charges.

4.41 The Committee feels that it would not be possible to make adjustments in the index for quality change, but in case the price is based on some quantitative measure, the index should take account of the change in the quantity. As far as possible, Labour Bureau should collect base year price according to quantitative measure. In cases in which price is not charged on the basis of quantity the weight for the item should be distributed to all the items in the Food Group or to the constituent items pro-rata. For example the weight of Thali should be distributed to the entire Food Group. The weight of snacks should be distributed to their constituent items. Where price of tea or coffee is not fixed according to quantity their weight should be distributed over tea/coffee powder, milk, sugar, Fuel etc.

Free Primary and Secondary Education :

4.42 Primary education and education upto secondary stage for certain sections of the population has been made free in certain States. Even Text Books are distributed free to some sections of students in such States. One suggestion for treatment of free primary education in the index is that when items for primary education are universally made free, they should be deleted from the index compilation. Another view expressed is that although the consumer does not incur any cost on free primary education the public as a whole bears the cost through the public exchequer. Therefore, these items may not be deleted from the index, but their price index may be compiled on the basis of some imputed prices. It is further observed that primary education is imparted in Public Schools and in fact considerable expenditure has to be incurred on children sent to such Schools.

4.43 The Committee recommends that consistent with the basic approach suggested in Chapter II, the FIES should collect information from the selected families on the number of families

obtaining free primary education and those who are paying for such education. In working out the base year index of primary education, the fees for free education should be treated as zero. The actual amount spent on primary education should be considered for those families who are spending on education. The average index for primary education for the centre should be calculated by using the proportion of families obtaining free education on the one hand and those who are spending on primary education on the other as weights.

4.44 It is noticed that in Schedule 'A' of the FIES School and College fee and School and College books have been clubbed together for collecting expenditure data. The Committee recommends that separate information should be collected for primary and secondary school fee and primary and secondary books so that it should be possible to prepare separate price indices for primary and secondary education.

4.45 The Committee recommends that the weights to be assigned to primary and secondary education should be determined separately on the basis of the relative expenditure on primary and secondary education for an average family during the base period. Thereafter the popular specifications on which the expenditure is incurred need to be priced at regular intervals separately for primary and secondary education. The average price for selected specifications should be worked out by giving due weightage to the relevant proportions of the index population enjoying free education and those who are paying for it.

4.46 Similar procedure should be followed for secondary education also if it is available free. However, secondary education is generally not free. Therefore, average school fee charged will have to be ascertained in the base year and at regular intervals. The Committee felt that an interval of about 12 months appears appropriate for making adjustments in regard to the changes in the expenditure on primary and secondary education calculated in the manner proposed above. For this purpose a small sample survey of the selected working class families also has to be conducted.

4.47 In case new concessions in the field of education are announced at a later date, for universal application, it will be necessary to revise the weights for primary and secondary education by carrying out a fresh survey.

Treatment of Concessional and 'Free' Items

4.48 In the plantation centres of Assam workers of the tea gardens receive foodgrains at concessional prices. Levy sugar is also distributed at the fair price. These provisions are supplied by engaging contractors called "Golas", who bring provisions at tea gardens for supply to workers. Under the wage agreements with the plantation workers, workers also receive free primary education and dispensary facilities. Besides, other items viz. blankets, rubber chappals and umbrellas are provided free once in a year or two years to the workers. In addition 5 Quintals of firewood is also supplied free and its cost estimated by one of the employers is Rs. 325 a year.

4.49 At present Labour Bureau is using concessional prices paid for cereals for the compilation of the index. According to the current practice, the price index for firewood is kept constant at 100. The Labour Bureau imputes open market price to blankets, rubber chappals and umbrellas.

4.50 The Committee feels that if plantation workers are getting foodgrain at concessional prices, these prices should be properly reflected in the index compilation. Therefore, the concessional prices should be treated in the same manner as the prices in the fair price shops. Moreover if certain sections of the plantation workers are not entitled to supply of foodgrains at concessional prices and buying them in the open market, open market prices should also be taken in proper conjunction.

4.51 For the compilation of price index of firewood a part of which is supplied free or at concessional rates by employers, the Committee recommends a method similar to the one suggested for deriving index for free education. The price charged for

a specified amount of firewood which is supplied free should be zero. The average price paid for firewood should be calculated by taking the weighted average of prices of freely provided amount of firewood and the remaining quantity purchased from open market.

4.52 Treatment of other items like blankets, rubber chappals and umbrellas which are provided by certain employer at concessional prices should also be similar to that for firewood.

Free Medicine and Health Facilities

4.53 The procedure recommended for index compilation for free primary/secondary education should be followed for the index compilation in respect of free medicine and health facilities.

Consumer Durables

4.54 In the earlier Family Living Surveys, the proportion of workers' expenditure on durable items was relatively insignificant. However, with the increase in the purchasing power of the working class, their expenditure on consumer durables like transistor, radio, bicycle and scooter etc. has increased. In fact in metropolitan cities where TVs have reached, Low priced T.V. sets are seen in the dwellings of working class families. One view about the treatment of this expenditure is that workers' expenditure on durable items is likely to be incurred once in a while and hence such items may be excluded from the index. The Committee does not agree with this view. We feel that no distinction should be made between the consumer durable and other items in the expenditure of the workers and if any expenditure is reported on consumer durables they should figure in the weighting diagram of the index. The weight to be assigned to each of the consumer durables should be based on actual average expenditure reported during the FIES. Where, durable goods are purchased on instalment basis, expenditure incurred during the period of the survey only should be taken for assigning weight to the item.

4.55 With the possession of durable items like T.V. bicycles, scooters, the workers also incur expenditure on their maintenance. The data on such maintenance cost should be collected in the Family Income and Expenditure Survey and should be included in the CPI Numbers.

Expenditure on Doctor's Fee and Medicine

4.56 In several centres which have been selected for the 1981-82 series, the E.S.I. Corporation have set up either hospitals or dispensaries for workers. It is reported that a number of workers incur expenditure on private Doctor's fee and medicine in addition to their contribution to the Corporation. The question is whether such expenditure should be taken into account in the compilation of the Consumer Price Index. The Committee feels that expenditure actually incurred by the worker including contribution to the E.S.I. as well as private doctor's fee and medicine should be included under the head "medical care" in the Consumer Price Index. The relative weight of the two items should be determined on the basis of the actual expenditure reported during the family income and expenditure survey. The relative proportion of families incurring these expenditures should be ascertained by periodical surveys, say once in three years, and revised if necessary.

Suburban Train Fares

4.57 In a city like Bombay, suburban train is the most popular mode of transport for going for work and return home. The Committee suggests that fares for both long distances and short distances should be included for index compilation. For long distances, price of monthly season ticket for second class from Thana and Kalyan to the Victoria Terminus and Borivli to Churchgate may be taken. For taking the short distance fare, suburban stations may be selected on the basis of the Family Income and Expenditure Survey for the Bombay centre. In addition to the Suburban railways, the fare for buses run by the SIDCO may also

be taken for the Centre's index. Similar procedure should be followed for other metropolitan cities in which suburban trains are running between the places of residence and work.

Tram Fare in Calcutta

4.58. In the past there had been a controversy whether for consumer price index series for Calcutta, 1st class or 2nd class tram fare should be taken. We suggest that during the current survey, information on the class of tram travelled by the workers should be collected in addition to the total expenditure on tram fare and this information should be utilised for deciding which class of tram fare should be utilised for compilation of the index for Calcutta centre.

4.59 We also suggest that when the underground railway starts in Calcutta the underground railway fare should be taken into account in combination with tram fare for index compilation for Calcutta centre.

Cinema Ticket

4.60 Expenditure on cinema would no doubt figure in the Family Income and Expenditure Survey at each centre. In the past there were suggestions that while compiling the price index of cinema ticket the lowest class of ticket should not be taken but the next higher class be taken as more and more working class families are purchasing higher class tickets. This is also borne out by the fact that in the cinema theatres less seats are allocated for the lowest class and more seats to higher classes. We suggest that while collecting information on expenditure on cinema, the class of cinema ticket purchased by the workers should also be ascertained and this information should be utilised in deciding the class of cinema ticket to be selected for filling in the monthly price schedule for the new series of the Consumer Price Index numbers.

General Remarks

4.61 The Committee has attempted to give in considerable details, the methodology which needs to be adopted for the construction of the new Consumer Price Index. There could, however, be some situations which would have to be resolved taking into account various practical problems in measurement of prices and quantity consumed in different centres. Such problems may be referred to the TACSPCL.



CHAPTER V

PRICE COLLECTION SYSTEM

5.1 For the compilation of the Consumer Price Index Numbers, retail prices are collected through the price collection agency comprising officials of the State Governments concerned. These officials are engaged by the Labour Bureau on a part-time basis on honorarium. Prices are collected for each centre as per the price collection schedules. These schedules are derived from the family income and expenditure survey for each centre. The work of price collectors is supervised by price supervisors who are also officers of the State Governments and are engaged by the Labour Bureau on a part-time basis on payment of honorarium.

5.2 Price collectors and price supervisors are drawn from State Directorates of Economics and Statistics in all centres except in West Bengal, Maharashtra, Punjab, Gujarat and Rajasthan where they are drawn from Labour Commissioner's offices. In certain centres of Assam, teachers have been engaged for price collection work on a part time basis. The Labour Bureau's offices at Bombay, Calcutta, Kanpur and Madras also supervise the price collection work and remain in touch with the price collection machinery in each State. The existing price collection system would continue for the New Consumer Price Index Numbers series.

5.3 For collection of prices, as a rule, markets which are predominantly visited by the working class are selected. A sample of two shops which are predominantly patronised by the working class is selected for each market for collecting price quotations for each item in the price schedule. In addition, two

reserve shops are earmarked in case it is not possible to collect price data from the selected shops.

5.4 The Committee visited Kanpur, Jharia, Calcutta, Digboi, Dooema Dooema, Bombay and Hyderabad for on-the-spot study of the price collection and price supervision work. During these visits the Committee also held discussions with officials of State Directorates of Economics and Statistics, Labour Commissioners' offices, Civil supply officials, Price Collectors and Price Supervisors. The officers of the National Sample Survey Organisation who are conducting the Family Income and Expenditure Survey were also present in some of these meetings.

5.5 The Committee selected two markets and visited the shops in each centre. No prior intimation was given to the selected shopkeepers about the Committee's visits. The concerned price collectors and price supervisors accompanied the Committee to the markets and collected prices in the presence of the Committee. The Committee had brief discussion with the shop-keepers about the visits of the price collectors and price supervisors, filling up of the price schedules, etc. The Committee noticed that by and large, shop-keepers were quite co-operative with price collectors and price collectors also did not have much difficulty in collecting the requisite information from the shop-keepers.

5.6 The Committee's observations on the price collection system and recommendations for further improving the price collection work are discussed in the following paragraphs :—

Selection of Markets and Shops

5.7 As mentioned above, for the compilation of the Consumer Price Index it would be necessary to select markets and shops which are predominantly visited by working class population. However, the Committee observed that in several centres

markets selected for the new series are situated in main localities of the centre and not in the working class localities. These markets are visited by the general public and in many cases industrial workers constitute only a small proportion of the customers. The Labour Bureau had justified the selection of such markets and shops on the ground that the local Trade Unions had been consulted while selecting the markets. Labour Bureau has further argued that if markets and shops are selected in the predominantly working class localities, relatively smaller shops would have to be selected and price quotations for the required specifications included in the price schedules may not be available in these shops regularly. For maintaining continuity in specifications in the price schedules and also the price data it is desirable that such markets and shops are selected in which required items are regularly available. However, the Committee felt that the behaviour of the retail prices in markets and shops situated in predominantly working class localities, may not be the same as those shown by markets and shops in the main localities of the centre. The Committee would, therefore, suggest that the Labour Bureau should have a second look at the selected markets and shops for the new series of the Consumer Price Index Numbers and as far as possible select those which are popular among the industrial workers.

5.8 It is also observed that the Labour Bureau has selected certain markets which are common with the 1960 series. It is possible that such selection has been made more for convenience of price collection and supervision work. The Labour Bureau may also have second look at markets which are common in the 1960 series and the new series and if necessary, make appropriate changes in the markets and shops.

Inter-shop variation in prices

5.9 During its visit to the two selected shops in various markets, the Committee observed that prices collected from the shop were generally repeated for the second shop. It may be

that price collectors do not visit the second shop for want of time and repeat prices collected in the first shop. It is also possible that if the two shops are close by, price collectors may assume that there is no difference between prices of the two shops and hence it is not necessary to visit the second shop. Sometimes prices of a few items only may be collected and prices of rest of the items may be assumed to be the same as in the previous week. Price collectors may not even visit the shop and may fill up the price schedules at their offices or residences. During its discussions at Dibrugarh, the Committee was told that prices at both selected shops may be the same if the quality and specification of an item are the same in the two shops, differences in the price quotations at the two shops is attributable to the difference in the quality and therefore was to be ignored.

5.10 During the visits to the shops the Committee specifically asked the shop-keepers whether price collectors were visiting the shops every week. The Committee found that price collectors do visit these shops regularly. The price supervisors were also reported to be visiting the shops at certain intervals.

5.11 On the whole, the Committee observed that among the centres visited, the price collection was quite satisfactory at centres of Bombay, Calcutta and Hyderabad, but it was not so satisfactory at the other centres. The price collection work had been seriously affected by disturbed conditions in the Assam region and the quality of price collection was poor.

5.12 The Committee would attribute the poor quality of price collection at certain centres to the lack of proper supervision. The Committee was informed that price supervisors do not visit each market even once in a month as is required under the instructions of the Labour Bureau, because of their preoccupation with their regular work. In one centre, it was noticed that one supervisor was looking after the supervision work at 13 markets selected for both the 1960 and the new series and was unable to visit each of the selected markets every month. In one centre it was noticed that a very senior officer

of the Labour Commissioner's Office has been deputed as a price supervisor and he was finding it difficult to look after the price supervision work in addition to his other regular office work in the State Government.

5.13 The price collectors and price supervisors pointed out to the Committee certain specific difficulties with reference to the work relating to the 1981-82 series. These difficulties are briefly mentioned below :—

(i) At some centres the collection of prices for the 1981-82 series requires 4 to 5 hours as against 2 to 3 hours required for the 1960 series. At certain places the distance between the residence or office of price collectors and the selected markets for the new series had increased and it takes more time for them to reach the markets. It was reported that half day allowed by their offices for the price collection work is not sufficient for the 1981-82 series.

(ii) As regards Fair Price Shops, price collectors reported that these shops are generally crowded in the first week of the month and after price collectors had to visit the shops several times.

(iii) The present rates of honorarium payable to price collectors and price supervisors are indicated below :—

Price Collector —Rs. 45/- per market

Price Supervisor —Rs. 35/- per market

Allowance for each additional Market for
Price Supervisor —Rs. 13.50

Travelling Allowance

Price Collectors —Rs. 5 to Rs. 10/-

Price Supervisors —Rs. 10 to Rs. 15/-

According to the price collectors and supervisors honorarium payable to them by the Labour Bureau was inadequate especially considering the increased cost of living and cost of travel between their offices/residences and the selected markets.

(iv) At certain centres price collectors are inexperienced and have not been trained by the Labour Bureau for price collection work.

(v) A suggestion was made that price collectors may be appointed on a full-time basis instead of part-time basis as at present.

5.14 The Committee makes the following recommendations for improving the price collection system :—

(i) The Committee feels that the visit of the price collector to each shop every week is absolutely necessary to ensure that prices prevailing in the two shops are correctly recorded in the price schedule.

(ii) The Committee feels that employing the same price collector for a market for an indefinitely long period may be one of the causes for the short-cut methods alleged to have been adopted by them. As a solution State Governments should rotate price collectors after an interval of one year or so.

(iii) The Committee feels that the price supervision work is the weakest link in the present price collection system. To ensure that price collection work is done properly one of essential steps is to improve the price supervision system. The system should be so devised that price supervisors are able to take more interest and get themselves more fully involved in this work. If price supervisor do not find sufficient time for this work, the Committee suggests that the Labour Bureau should take up the matter with the State Governments for allowing more time to price supervisors so that they may visit each market at least once a month. A price supervisor may not be made responsible for more than 4 or 5 markets in a centre, which would enable him to visit every market once a month. As far as possible senior officials may not be entrusted with the work of price supervision. We also suggest that price collectors and price supervisors should hold a meeting every week to scrutinise the price data collected in the previous week

for inter-shop and inter-market variations. In cases of doubts price supervisors may personally visit the selected shops and carry out corrections, if required, in the prices collected by price collectors.

(iv) The Committee further recommends that the Ministry of Labour may take early steps to increase the honorarium payable to price collectors and price supervisors. The increase in the honorarium should be commensurate with the work and should serve as a sufficient incentive for performing the extra work. The decision on the increase in honorarium may be taken quickly so that it may help in improving the price collection work for the base period.

5.15 The Staff posted at the Regional Offices of the Labour Bureau are required to visit each centre within their area of jurisdiction and inspect price collection in each market at least once in six weeks. The Committee understands that due to inadequate staff and long distances of the centres from the Regional Offices, it has not been possible for the Labour Bureau staff to visit each market at the required intervals. The Committee feels that with the increase in the number of centres and markets under the new series the work of the Regional Offices would further increase. Moreover, better price collection work would call for the strengthening of the supervision machinery at the Regional offices of the Labour Bureau.

5.16 From our study of the price collection system it is also clear that closer supervision of price collection work is essential to improve the quality of price data for the compilation of the index. Further if our recommendations in Chapter IV are accepted the Labour Bureau would be required to conduct small surveys at frequent intervals and the work of the Labour Bureau and Regional Offices would substantially increase.

5.17 As of now Regional Offices have also to assist in the work of the other Plan Schemes of the Labour Bureau where field work is required to be conducted.

5.18 In view of the increasing work load the Committee recommends that the staff of the Labour Bureau should be suitably augmented. The Regional Offices of the Labour Bureau should also be strengthened by opening at least one sub-Regional office under each Regional Office.

5.19 The Committee recommends that the Labour Bureau should organise training courses at their regional offices or at its headquarters for price collectors and price supervisors. The training programme may include not only the procedures of price collection but also compilation of the Consumer Price Index Numbers.

5.20 The Committee has considered whether appointment of price collectors on a full-time basis may help improve the price collection work. It has been suggested that if there are 4 or 5 markets in a centre, Labour Bureau may appoint a full-time price collector for the centre. At present full-time price collectors have been engaged at 4 centres viz., Amritsar, Delhi, Jaipur and Madras. The Committee understands that the price collection work at these centres is quite satisfactory. However, some State Governments feel that if price collectors are appointed on a full-time basis it may be difficult to appoint substitutes in case any of them proceeds on leave. In the present system of part-time price collectors, more officers are trained in the work and replacement for short periods does not pose a problem to the State Government. The Committee, therefore, feels that it is not necessary to change the present system.

Association of User's Representatives with Price Collection Machinery

5.21 An important issue on which there has been substantial heart burning particularly among trade unions is their non-association with the process of compilation of the consumer price index. At present assistance of trade unions and employers' representatives is sought after the selection of the centres is

made in consultation with the State Governments. Their suggestion are elicited about the contents of the schedules to be canvassed in the family income and expenditure surveys. The Labour Bureau displays the filled in price schedules for the information of the representatives of the employees and employers. The Bureau also displays the weekly price quotations obtained from selected local markets to enable trade unions and employers' organisation to check and verify the correctness of the price reported.

5.22 The main purpose of compilation of consumer price index is to reflect the change in the average cost of living of the working class population in the country. In a vast country like India some defects, shortcomings and inadequacies at the technical and collection level are bound to be present at a particular time. These are matters which must be continually reviewed and over time the technical basis of the index must improve. The Committee feels that there is no *prima facie* reason for the price data collecting machinery to indulge in the manipulation of the index. With a few exceptions the price data have been found acceptable to both labour unions and the employers. The Committee does not feel that the presence of the representatives of users' with the price collection work would improve the price collection system, on the other hand, the work may be handicapped. The Committee recommends the existing level of "informal" consultations with the users' interests, which have proved adequate for the technical needs of the index compilation, should continue. Labour Bureau should also continue to give maximum publicity of the price information by displaying weekly price quotations for selected commodities at all centres for verification of the correctness of the price data by the interested parties.

5.23 The Committee was informed that the regional offices are already displaying the price schedule on their notice boards but hardly any representatives of the trade union or employers visit their offices to check price schedule or make enquiries

about the price information. Therefore, some of the regional offices have stopped displaying the price schedule as it is convenient and economical for them. The Committee suggests that the price schedule should be displayed at least at Labour Commissioners offices as these offices are visited by the office bearers of trade union frequently. The Labour Bureau should also ensure that doubts and reservations expressed either by trade unions or employers are promptly attended to.

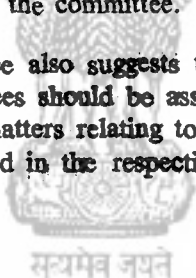
5.24 During its visit to the States the Committee had the benefit of discussing with the State level Committees in Andhra Pradesh and Maharashtra which oversee the work relating to compilation of Consumer Price Index in these States. In Andhra Pradesh such a Committee is functioning since 1967 and it consists of Director of Economics and Statistics as Chairman, and Commissioner of Labour and a representative each of the employers and employees as members. Every two years the non-official members are selected by rotation. The Standing Committee meets every month and scrutinises the Consumer Price Index Numbers of the preceding month. It has been reported that the existence of the Standing Committee has helped in creating confidence in the index numbers compiled by the State Bureau. The Committee's functions are at present limited to the State series.

5.25 In Maharashtra also the State Government has constituted a Committee to perform similar functions. The composition of the Committee is somewhat different from that of the Andhra Pradesh. The Committee in Maharashtra is headed by an ex-judge of the Bombay High Court and consists of officials of the State Government and Economists. The Maharashtra Committee scrutinises the price information and the compilation of the Consumer Price Index Numbers both for the State series and the Labour Bureau series. As a cross-check the State Government also compiles Consumer Price Index numbers for the centres in the Labour Bureau series and the Labour Bureau finalises the Consumer Price Index Numbers for its centres in Maharashtra.

after consulting the State Government. This Committee was found to be functioning well. Its role has brought about a substantial amount of confidence in the Consumer Price Index Number series of Labour Bureau in Maharashtra.

5.26 The Committee recommends that the State level Committees on the Maharashtra pattern should be set up in each State to scrutinise and supervise the price data for the All India series compiled by the Labour Bureau. It is further recommended that the Labour Bureau should consult the State level Committees not only in regard to price data but also in other matters relating to the centre indices. It would be necessary that the State level Committees complete the scrutiny of the price data within the time limit which may be prescribed by the Labour Bureau so that the release of the Index Numbers by the Labour Bureau is not delayed on account of the work of the committee.

5.27 The Committee also suggests that the representatives of State level Committees should be associated with discussions in the TACSPCL on matters relating to Consumer Price Index series for centres located in the respective States.



CHAPTER VI

SUMMARY OF MAIN RECOMMENDATIONS

Conduct of Family Income and Expenditure Survey

6.1 The Committee endorses the decision of the Technical Advisory Committee on Statistics of Price and Cost of Living (TACSPCL) on various technical aspects of the family income and expenditure survey 1981-82 and recommends that Labour Bureau should continue with the Survey as directed by the (TACSPCL) (Para 3.6).

Off take from fairprice shop

6.2 The Committee recommends that off-take rather than admissible quantity should be the basis of weighting the price in the fair price shop. (para 4.6).

6.3 According to one member of the Committee (Dr. Mahfooz Ahmed), the average quantity available per unit of consumption in the fair price shop should form the weight for the price in the fairprice shop. According to him, the industrial workers' actual off-take is unlikely to be much different from the amount actually available from the fair-price shop and that conducting of off-take Survey in 70 Centres will, besides, posing conceptual and practical problems, involve heavy manpower and financial resources; it may also delay the compilation of the index. (Para 4.8).

6.4 Other four members of the Committee felt that instead of relaying on such a priori assumption, Labour Bureau should collect actual off-take data from samples of families selected for half-yearly house rent surveys for weighting the price in the fair-price shop. They feel that it would be appropriate to collect

the actual off-take data through regular off-take survey as is being done in the case of CPI for urban non-manual employees. The extra expenditure on conducting the off-take surveys would be marginal as the Staff of Labour Bureau engaged in the half-yearly house rent survey would be utilised for the survey. (Para 4.9).

6.5 Till a final view is taken on the feasibility of the two approaches, or for any reason if the measurement of average monthly off-take on the lines suggested above is not possible, the existing procedure based on the quantity admissible to the ration card holders may be continued. (Para 4.10).

Price Index for cereals in statutory rationing area

6.6 The Committee recommends that black market price in the statutory rationing area should not be utilised for compilation of the CPI numbers (Para 4.13).

6.7 The existing practice of "corrective action" should continue except that for measuring the shortfall from the quantity of consumption in the base year, the off-take from the ration shop should be estimated on the lines suggested in paragraphs 4.8 to 4.10 (Para 4.14).

Price Index for Sugar

6.8 The weight to be assigned to the ration price of sugar should be based on admissible quantity as at present the actual off-take is equal to the admissible quantity. (Para 4.15).

6.9 If in future actual off-take in a month is less than the admissible quantity the weight assigned to the ration price should be based on the actual off-take or availability (Para 4.15).

6.10 In the tea gardens of Assam, there are no fair-price shops. If the plantation owners make arrangements for the distribution of levy sugar to their workers, quantity sold through such arrangements should be taken for assigning weight

to the controlled price. If no such arrangements exist, the open market price should be used. (Para 4.16).

6.11 If the admissible quantity of sugar is higher than the base year consumption the entire weight for sugar should be assigned to the quantity admissible in the fair price shops (Para 4.17).

House Rent Index

6.12 Uniform method should be followed in calculating House Rent Index for all the centres (Para 4.21).

6.13. Rent for rent-free houses should be treated as zero. In the calculation of the overall average rent index for the centre, the zero rent for rent-free houses should be weighted by the proportion of the index population residing in rent free houses. (Para 4.22).

6.14 For rented houses the present practice of constructing the rent index on the basis of six-monthly house rent survey should continue. This component of the rent index should be weighted with the proportion of the index population residing in rented houses. (Para 4.23).

6.15 The rent index for owner-occupied houses should be based on rent paid for similar rented accommodation in the same building or nearby locality. If it is not possible to collect data on comparable rent, the house rent index for owner-occupied houses should be taken to be the same as that of the rented houses. (Para 4.24).

6.16 The data on proportion of the index population residing in rent-free, rented and owner-occupied houses should be collected every six months by undertaking a special survey by the Labour Bureau (Para 4.25).

6.17 One member of the Committee (Dr. Mahfooz Ahmed) felt that inclusion of new houses in the computation of CPI is

tantamount to changing the base year consumption pattern and thus will violate the fixed basket principle of constructing CPI. The solution to the problem of new houses, like many other items included in the consumption basket where similar situation arises, lies in revising the base of the index at shorter intervals. He, therefore, recommended that no account should be taken of new houses in the estimation of the average house rent index for the Centre. (Para 4.27).

6.18 Other four members feel that the fixed basket theory does not hold good for the house rent index as the quality of existing houses changes with age, even if repairs and maintenance are undertaken at regular intervals. The present method of determining the changes in the average house rent would be adequate if proportions of families residing in new houses is negligible. If new colonies come up and a large number of working class families start residing in them, it would be appropriate to find out average rent paid by them in the newly constructed colonies. They, therefore, suggested that the rent for new houses should be combined with the rent for old houses to determine the overall average of house rent for the compilation of the house rent index. The relative proportions of the index population residing in new and old houses should form the basis for weighting the two components of the index. All the centres should be covered in batches in the course of the next five years by the annual special house rent surveys to determine the average house rent prevailing in newly constructed houses. (Para 4.28).

6.19 While compiling the house rent index for houses whose rent is subject to rent control regulations, rent for such houses should include both the rent paid as well as expenditure incurred by the worker on repairs and maintenance. (Para 4.29).

Adjusting the index for quality changes

6.20 The present practice of constructing the index of rationed commodities i.e. without taking into account the quality difference may be continued. (Para 4.30).

6.21 When an item is completely changed qualitatively or in terms of major characteristics, the new items should be introduced in the index after splicing its price. If this is not possible, the weight for such items may be distributed over other constituents included in the items basket. (Para 4.31).

Clothing

6.22 (i) In centres where well-known textile mills have opened their retail shops, the price index for clothing may be compiled on the basis of the prices collected from these shops. Prices of handloom products should be collected from Handloom Co-operatives or other shops where handloom products are sold, whenever difficulty is faced in pricing a clothing item by the price collector, price supervisor should personally visit the market and send his report to the Labour Bureau. (Para 4.34 to 4.36).

(ii) In view of the difficulties in measuring the price change for ready-made garments, the weights for the readymade garments in the index may be appropriately distributed to the respective items under clothing and stitching charges under the miscellaneous group. (Para 4.37).

Tobacco and Liquor

6.23 Tobacco and liquor should continue to figure in the CPI numbers in case they are consumed by the index population. If prohibition is introduced during the life-time of the CPI series liquor should be excluded from the index and prices of any illegal sale should not be considered. If prohibition is lifted, liquor should be re-introduced in the index. Some members felt that as CPI is used for Dearness Allowance adjustment, users of the index may negotiate the question of what should constitute the item basket and the extent of compensation in the DA adjustment in respect of items included in the item basket. (para 4.39).

Prepared Foods

6.24 It would not be possible to make adjustments for quality changes in prepared foods. If the price of the prepared foods is based on some quantitative measure, the index should take into account the change in the quantity. In case the price is not charged on the basis of quantity, the weight of the item should be distributed pro-rata to all the constituent items or all the items in the Food Group. (Para 4.41).

Free Primary and Secondary Education

6.25 Separate information should be collected for expenditure on primary and secondary education during the FIES and separate price indices should be compiled for primary and secondary education. While compiling price index of primary education the index should be calculated by using proportion of families obtaining free education on the one hand and those who are spending on primary education the other. Similar procedure should be adopted for compiling the index for secondary education if it is available free for certain sections of the index population. Changes in the expenditure on primary and secondary education should be ascertained by means of a sample survey to be conducted on an interval of about 12 months. In case any new concessions are announced for universal application, the weights for primary and secondary education should be revised by carrying out a fresh survey. (Para 4.43 to 4.46).

Concessional and free items

6.26 (i) In the plantation centres concessional prices at which certain items are sold to the index population should be treated in the same manner as the prices in the fair price shops. If in certain centres plantation workers are not supplied foodgrains at concessional prices open market prices should be taken in proper conjunction for index compilation. Firewood supplied free or at concessional rates by employers should be treated in the same manner as free education. The average price paid for firewood should be calculated by weighting with the index population who receive free supply and these who purchase at the

open market price. Treatment of other items like blankets, rubber chappals and umbrellas which are provided by certain employers free or at concessional prices should be similar to that of firewood. (Paras 4.48—4.52).

(ii) The procedure followed for free primary and secondary education should be followed for index compilation in respect of free medicines and health facilities. (Para 4.53).

Durable Items

6.27 Expenditure on consumer durables should be included in the weighting diagram of the index; the weight to be assigned to them should be based on actual expenditure reported in FIES. Where durable goods are purchased on instalment basis, expenditure incurred during the period of FIES only should be taken for assigning weight to them. Cost incurred on maintenance of durable goods should be included in the index compilation.

(Paras 4.54—4.55)

Doctor's Fee and Medicine

6.28 The expenditure actually incurred by the workers including contribution to the E.S.I. as well as private doctor's fee and medicine should be taken under the head "medical care". The relative weight of the two items should be determined on the basis of the actual expenditure reported during the FIES. The relative proportion of families, incurring these expenditures, should be ascertained by periodical surveys, say once in three years, and revised, if necessary. (Para 4.56).

Suburban Railway fares

6.29 Fares for both long distances and short distances should be taken into account for index compilation. In addition to suburban train fares, fares for Buses should also be taken into account in proper conjunction. (Para 4.57).

Tram Fare in Calcutta

6.30 The information collected in the FIES on expenditure on tram fare should be utilised for deciding the class of tram fares to be taken for compilation of the index for the Calcutta Centre. When the underground railway in Calcutta starts operation, the underground railway fare should be taken into account in combination with the tram fare for index compilation.

(Paras 4.58—4.59).

Cinema Ticket

6.31 Information should be collected in the FIES on the class of Cinema ticket purchased by the workers and this information should be utilised in deciding the class of cinema ticket to be selected for index compilation.

(Para 4.60).

Price collection System

6.32 Labour Bureau should have a second look at the markets and shops selected for the new series of CPI numbers and see that as far as possible markets and shops which are popular among the working class families are selected.

(Para 5.7)

6.33 With the same objective in view, the Labour Bureau may also have a second look at the markets which are common for the 1960 series and new series.

(Para 5.8).

6.34 The Committee recommends that the visit of the price collector to each shop every week is absolutely necessary to ensure that prices prevailing in two selected shops are correctly recorded in the price schedules

[Para 5.14(i)].

6.35 The State Governments should rotate price collectors after an interval of one year or so.

[Para 5.14(ii)].

6.36 The Labour Bureau should take up with the State Governments the question of allowing the price supervisors more time to visit each market at least once a month.

[Para 5.14(iii)].

6.37 As far as possible senior officers in the State Governments should not be entrusted with the work of the price supervision. [Para 5.14(iii)].

6.38 Price collectors and price supervisors should hold weekly meetings to scrutinise price data collected for the previous week for checking on inter-shop and inter-market variations in prices [Para 5.14(iii)].

6.39 In case of doubts price supervisors may personally visit the shops before carrying out correction in prices, if required. [Para 5.14(ii)].

6.40 Ministry of Labour may take early steps to increase honorarium payable to price collectors and price supervisors. The increase in the honorarium should be commensurate with the increase in their work and should serve as sufficient incentive for performing the extra work. [Para 5.14(iv)].

6.41 The Regional offices of the Labour Bureau should be strengthened by opening at least one Sub-Regional Office under each Regional Office (Para 5.18).

6.42 The Staff of the Labour Bureau at the Headquarters should also be suitably augmented. (Para 5.18).

6.43 The Labour Bureau may conduct training classes at their regional offices or at Simla for Price Collectors and Price Supervisors. (Para 5.19)

6.44 The present system of employing part time price collectors and price supervisors wherever it exists may continue. (Para 5.20).

6.45 The existing level of informal consultations with the user interests which has proved adequate should continue. (Para 5.22).

6.46 The Labour Bureau should give maximum publicity to price information by displaying price quotations at all centres.

for verification by the interested parties. The price schedules should invariably be displayed at Labour Commissioners Offices and doubts and reservations expressed by the trade unions or employers should be promptly attended to. (Para 5.23).

6.47 The State level committee on Maharashtra pattern should be set up in each State to scrutinise and supervise the price data for the all-India series of the Consumer Price Index numbers compiled by the Labour Bureau as well as the State series. The Labour Bureau should consult the State level committees not only in regard to the price data but also in other matters relating to the central indices. The State-level committee should complete the scrutiny of the price data within the time-limit prescribed by the Labour Bureau. (Para 5.26).

6.48 The representatives of the State-level Committees, should be associated with discussions in the TACSPCL. (Para 5.29)



CHAPTER VII

ACKNOWLEDGEMENT

The Committee wishes to place on record the valuable advice and suggestions offered by Experts, Economists, Statisticians and also Directors of Economics and Statistics in the State Governments who furnished their comments in response to the questionnaire circulated to them and also for participating in the discussions held at New Delhi. Due to their association with the work of the Committee, it was possible to examine various technical issues in detail. The Committee is grateful to them for having spared their valuable time for sending comments and taking part in the discussions.

7.2 At our request the State Governments of U.P., Bihar, West Bengal, Assam, Maharashtra and Andhra Pradesh arranged meetings with the officials of Labour Commissioners Offices, Directorates of Economics and Statistics and Department of Civil Supplies at Kanpur, Dhanbad, Calcutta, Dibrugarh, Bombay and Hyderabad. At these places Price Supervisors and Price Collectors extended their full cooperation and assistance in visits of the Committee Members to the markets and shops. The Committee wishes to express its deep appreciation of the help received from them. The Members of the Committee also held discussions with the officials of the Assam Oil Company who were reported to be compiling their own index numbers for the use of their employees. The Committee wishes to express its thanks to the AOC officials for arranging the discussions.

7.3 At Bombay and Hyderabad, the State Governments also arranged meetings with the members of the State Committees constituted for supervising the collection of price data for the compilation of the CPI Numbers. The discussions held with the

members of the Committee were very useful in not only examining the price collection system but also in formulating views on different aspects of the Consumer Price Index. The Committee would like to express gratitude to the members of the State Committees.

7.4 At the places visited by the Committee, the State Governments made arrangements for the stay of the Members. The Committee is grateful to the State Governments for these arrangements.

7.5 The Labour Bureau and the Field Operations Division of the National Sample Survey Organisation furnished all the data required by the Committee during the course of its work. The Committee expresses its gratitude to the officials and other staff of the Labour Bureau particularly Miss S. Basu, former Director, S/Shri A. S. Bhardwaj, present Director, J. N. Sharma, Joint Director, T. N. Singh, Deputy Director and R. N. Mukherjee, Assistant Director, who gave all the information required during the Committee's deliberations. The Committee also wishes to thank the staff of the Secretariat of the TACSPCL in the CSO for providing background information required by the Committee as and when necessary. At the centres visited by the Committee, the Assistant Directors and other staff of the Regional Offices of the Labour Bureau helped the Committee in arranging meetings and visits to the markets and shops. The Committee would like to thank them also for the hard work done by them for the Committee. The FOD of the NSSO arranged Committee's visits to Ghaziabad for examining the work of the Family Income and Expenditure Survey for which the Committee sincerely thanks them.

7.6 The Ministry of Labour provided secretariat assistance throughout the deliberations and work of the Committee. The

Committee wishes to thank particularly the staff of the Labour Bureau Section, for rendering all help and cooperation throughout the work of the committee.

New Delhi.

Dated, the 29th August, 1981.

Sd/-
(K. C. Seal),
Chairman

Sd/-
(Mahfooz Ahmed),
Member

Sd/-
(A. V. R. Char),
Member

Sd/-
(H. Pais),
Member

Sd/-
(R. S. Deshpande),
Member Secretary.



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ANNEX I

List of points on which suggestions from Directors of Bureau of Economics and Statistics and certain Economists and Statisticians were invited

(i) In a modified rationing area, in which commodities are sold both in the Fair Price Shops and Open Market, the weight for ration price of an item is at present based on the quantity admissible per unit during the current month. Do you agree with this method or do you think that it should be based on the quantity actually sold per unit by the Fair Price Shops in the current month? If neither of these is considered satisfactory, give any other method which you consider appropriate.

(ii) At present in centres covered under statutory rationing, if the admissible quantity in the fair price shop falls short by more than 15 per cent of the quantity of consumption as reflected in the Family Living Survey of the Base Year, the weight corresponding to the shortfall is distributed pro-rata over the rest of the items in the Food Group. For example in Calcutta which is one of the centres where statutory rationing is in force in respect of rice, the average consumption of rice during the base year was 23.87 kg. per family. According to admissibility for the month of September, 1980 and the family composition of an average family as observed in the base year (namely 1.99 adults and 0.54 children), the quantity admissible to a family works-out to 18.11 kg. As such the shortfall is 5.76 kg. (23.87 kg. minus 18.11 kg.). This is 24 per cent of average consumption. As this percentage is greater than 15, the weight corresponding to this percentage, namely, 7.60 (24 per cent of 31.68 i.e. the weight of rice in Food Group) will be distributed over all the remaining items of the Food Group and index will be compiled on the basis of such a revised/modified weighting diagram.

In a situation where shortfall exists, the commodity is often sold in the black market prevailing in the working class localities. A suggestion has been made to evaluate the shortfall at the blackmarket prices. However, collection and verification of reliable black market prices is considered impracticable. In the circumstances can the present procedure be improved upon ?

(iii) In a modified rationing area as also in statutory rationing areas the quality of the commodity sold in the Fair Price Shop goes on fluctuating from month to month and as such may often differ from the quality specified during the base period. In view of this the present practice is to utilise the fair price of commodities sold through Fair Price Shops without adjusting it for quality variation. Is this procedure correct or should the fair price be utilised with proper splicing for quality change ? Any other method considered suitable in this context may be suggested.

(iv) At present, the house rent index in the factory centres is compiled on the basis of a half-yearly house rent survey of a fixed sub-sample of dwellings drawn from the main sample for each centre. Due to the fixity of sample of dwellings the change in the level of house rent at a centre on account of the new working class dwellings is not reflected in the index. Should the sub-sample be changed periodically to take into account rents for new houses ? If so, how ?

(v) In plantation centres, the plantation workers in general are entitled to get free housing from their employers under the Plantation Labour Act. For this reason, a market value has been imputed for rent for such free housing in the FLS in order to obtain the weight for house rent in the weighting diagram and also the house rent index has been kept frozen at 100. Should this be continued ? If not, how should the house rent index for the plantation centres be compiled in the new series ? In this context it is necessary to keep in mind that in the 1981 FLS, other categories of workers in addition to plantation workers are also to be covered in the plantation centres and the weighting diagram

for a centre will be based on the consumption pattern of all the workers covered.

(vi) In mining centres, the mining workers reside partly in self-owned tenements and partly in tenements provided free by the employers. A negligible proportion of workers live in rented tenements. A rental value of self-owned and free tenements is estimated at the time of FLS to derive the weight for house-rent. The house rent index for mining centres is kept frozen at 100. Should this practice continue? If not, how should the house rent index be compiled for mining centres? Here also it may be noted that in the 1981 FLS, other categories of workers in addition to mining workers are also to be covered in the mining centres and the weighting diagram for a centre will be based on the consumption pattern of all the workers covered.

(vii) In certain centres, workers receive fire wood, coal and medicine free of cost from the employers. A value was imputed to these free items in the weighting diagram. Their price indexes are kept fixed at 100. Should such items figure in the index?

(viii) In most States, elementary education for children is free. In some centres, even text books are provided free to children. Should such items be included in the Consumer Price Index for the centre? If so, how a value should be imputed to these items for arriving at the weight for these items and what price of these items be utilised for compilation of index.

(ix) It is sometimes said that the purpose of the dearness allowance is to compensate the rise in prices of essential goods only. Therefore, only essential goods should be included in the compilation of the Consumer Price Index. Non-essential items like tobacco and intoxicants (although expenditure on these items is reported in the FLS) should be excluded from the index, as these items are not essential and it is not necessary to compensate the rise in prices of these items. What is your view?

(x) Labour Bureau finds it difficult to collect prices and compile the index of clothing items including readymade garments.

as specifications are often changing. What are your suggestions regarding pricing of the clothing items and the manner of utilising such prices in the index ?

(xi) In cosmopolitan cities, like Bombay and Calcutta, a significant portion of workers' income is spent on prepared food and drinks such as, tea, coffee, snacks, etc. Workers have complained that concomitant with increase in prices of such items, the quantity per cup or dish decreases. Further, deterioration in quality is observed due to adulteration in the quality of milk, edible oils and spices. However, the index is not properly reflecting reduced quantum served for higher price and quality change. How should the index for such items be prepared so as to take care of qualitative and quantitative changes ?

(xii) In certain centres, durable consumer goods, such as, TV, Refrigerator, Cycle are included in the FLS. However, consumption of such goods which are often expensive is limited to a few households. Would it be proper to include such items for preparing the weighting diagram if less than say, one per cent of the sample families report expenditure on the item ? What should be the criteria for inclusion of such items ?

(xiii) How should the following items be priced for the purpose of compilation of C.P.I. Numbers ?

- (i) Cinema Tickets
- (ii) Bus Fare
- (iii) Tram Fare.
- (iv) Suburban Railway Fare.

At present cinema charges are being collected uniformly for the lowest class. For transport either charges for the most popular route or the minimum charges are being collected.

(xiv) In regard to doctor's fee and medicine, it is observed that even where the ESIC Scheme has been introduced, workers

are consulting private doctors and also buying medicines from open market. Should private doctors fee or medicines purchased in the open market be included in the C.P.I. for centres where ESIC scheme is in operation? At present such expenditure, wherever it is reported, is taken into account in preparing the weighting diagram also in the compilation of index.

(xv) Subsequent to the FLS in a centre, if new working class areas and markets developed or other conditions justify a change of or addition to existing markets in the price collection system, should such a change or addition be affected?

Association of Workers and Employers

(i) Workers are demanding that trade union representatives should be associated with the collection of prices used in the compilation of the C.P.I. Do you agree with this view? If so, how should we ensure association of trade union interests without affecting the price collection system? At present the prices collected from the markets are displayed in the Regional Offices of Labour Bureau and or in the Labour Commissioner's office. Representatives of workers/employers are free to inspect these prices and lodge their complaints, if any, with the concerned office who will look into it and give them a suitable reply.

सत्यमेव जयते

ANNEX II

List of Directors of State Bureau of Economics and Statistics and Economists/Statisticians who were requested to send their comments on points mentioned in Annex I and those who sent their specific comments

I. DIRECTORS :

1. Sh. P. B. K. Murthy, Director* @
Bureau of Economics and Statistics,
Government of Andhra Pradesh,
Khairatabad, Post Bag No. 5,
Hyderabad-500004.
2. Sh. T. N. Kher, Director@
Directorate of Statistics and Evaluation,
Government of Jammu & Kashmir,
10-Maulana Azad Road,
Srinagar-190001.
3. Sh. Prabhakar Jha, Director* @
& Special Secretary,
Directorate of Statistics & Evaluation,
Government of Bihar, 6-Mangles Road,
Patna-800015
4. Sh. S. M. Vidwans, Director@
Directorate of Economics & Statistics,
Government of Maharashtra,
D.D. Building, Old Custom House,
Bombay-400023
5. Sh. R. S. Bhatnagar, Director@
Directorate of Economics & Statistics,

Government of Himachal Pradesh.
Simla-171004.

6. **Sh. S. P. Singh Chauhan Director*, @**
Director, Directorate of Economics & Statistics.
Government of Madhya Pradesh.
Banazir Building,
Bhopal-462001.
7. **Sh. R. N. Sharma, Director* @**
Directorate of Economics and Statistics,
Government of Rajasthan,
Behind New High Court Building, Tilak Marg.
C-Scheme, Jaipur-302005.
8. **Sh. J. N. Sharma, Director,**
Directorate of Economics & Statistics.
Government of Assam,
Gauhati-781003.
9. **Sh. R. P. Chopra, Economic & Statistical Advisor* @**
Economics & Statistical Organisation.
Government of Haryana,
30-Bays Building, Sector-17.
Chandigarh-160077.
10. **Dr. P. A. Nair, Director @**
Directorate of Economics & Statistics,
Government of Kerala, Vanchiyoor.
Trivandrum-695001.
11. **Sh. G. S. Shah, Director,* @**
Bureau of Economics & Statistics,
Government of Gujarat, Sector-18.
Gandhinagar-382010.
12. **Sh. R. G. Bhat, Director,* @**
Bureau of Economics & Statistics
Government of Karnataka, Multi-storeyed Building,

Vidhana Veedhi, P.O. Road,
Bangalore-560001.

13. Sh. B. Das, Director,
Bureau of Statistics & Evaluation,
Government of Orissa,
Heads of Department Building,
4th Floor, New Capital,
Bhubaneswar-751001.
14. Thiru V. Ramamurthy, IAS* @
Commissioner of Statistics,
Department of Statistics,
Government of Tamil Nadu, Block-II,
Administrative, Office Building, Teynampet,
Madras-600006.
15. Shri Anand Sweroop, Director* @
Department of Economic Intelligence and Statistics,
State Planning Institute Economics & Statistics
Division, Government of Uttar Pradesh,
Post Box No. 113,
Lucknow-226001.
16. Sh. J. S. Sandhu, Economic Adviser* @
Economic & Statistical Organisation,
Government of Punjab,
Shop-cum-Flat 35 & 36 Sector-17,
Chandigarh-160017.
17. Sh. J. Saha, Joint Director,
Directorate of Statistics and Evaluation,
Government of Tripura,
Agartala-799001.
18. Dr. S. K. Chakrabarti, @
Additional Director,
Bureau of Applied Economics & Statistics,
Government of West Bengal,

1-Kiren Sankar Roy Road,
Calcutta-700001.

19. Sh. K. D. Bhatia, Director,*
Bureau of Economics & Statistics, Delhi Admn..
Old Secretariat, Room No. 148,
Delhi-110054.

20. Sh. B. N. Ranga Ramu,@
Director, Department of Planning & Statistics,
Government of Goa, Daman & Diu,
Janta House, 5th Floor,
Panaji-403001 (Goa).

II. SELECTED ECONOMISTS AND STATISTICIANS :

1. Prof. N. Bhattacharya,*@
Economic Research Unit,
Indian Statistical Institute, 203-B. T. Road,
Calcutta-700035.

Dr. N. S. Iyenger, Professor* and Head
Economic Analysis Unit,
Indian Statistical Institute,
Bangalore Centre 31, Church Street.
Bangalore-560001.

Dr. J. Krishna Murti,
Delhi School of Economics University Enclave,
Delhi-110007.

Prof. T. S. Papola,
V. V. Giri Institute, Nirala Nagar,
Lucknow.

Sh. R. Radha Krishna,
Hyderabad University,
Golden Thresh Hold
Hyderabad-1.

6. Sh. U. Shankar,* @
Department of Economics' Madras University,
Madras.
7. Sh. V. K. Gupta,
Department of Economics, Punjab University,
Chandigarh.
8. Prof. D. T. Lakadawala,
Principal's Quarter,
Opposite H. L. College of Commerce Navrangapura,
Ahmedabad.
9. Shri B. N. Datar,* @
Ambedkar Institute for Labour Studies,
Rashtriya Mill Mazdoor Sangha.
Bombay.
10. Dr. K. Krishna Murti,
Institute of Economic Growth, University Enclave,
Delhi.
11. Prof. M. B. Desai, Professor, @
Department of Agricultural Economics,
M. S. University, सत्यमेव जयते
Baroda.
12. Sh. Venkatachalam, Economics Division, @
Reserve Bank of India,
Bombay.
13. Dr. D. B. Gupta,*
Institute of Economic Growth, University Enclave,
Delhi.
14. Prof. K. L. Krishna,
Delhi School of Economics, Delhi University,
Delhi-7.

15. Prof. A. L. Nagar,
Delhi School of Economics, Delhi University,
Delhi-7.
16. Prof. Nilkantha Rath,
Gokhale Institute of Politics and Economics,
Pune.
17. Prof. V. M. Dandekar,
Gokhale Institute of Politics and Economics,
Pune,
18. Prof. Ajit Biswas,
Institute of Management,
Calcutta.
19. Dr. Y. K. Alagh,
Sardar Patel Institute,
Ahmedabad.
20. Sh. Ashok Rudra,
Vishwa Bharti, Shantiniketan,
Bolepur.

*denotes those who attended the Meeting held on 19th &/or
20th March, 1981.

@denotes those who sent specific comments in writing.

ANNEX III

List of Centres and Markets visited by the Committee for inspection of Price Collection and Price Supervision work

1. *Kanpur (25-3-1981)*
 1. Sisaunau Market.
 2. Gwaltoli-Parade Market.
2. *Jharia (16-4-1981)*
 1. Jharia Market.
 2. Kendu Kirkend Market
3. *Calcutta (18-4-1981)*
 1. Belgharia Market.
 2. Munshi Bazar.
4. *Digboi and Doom-Dooma (20-4-1981)*

Makum Market.
5. *Bombay (7-5-1981)*
 1. Lalbag Market.
 2. Dharavi Market.
6. *Hyderabad (8-5-1981)*

Monda Market.

ANNEX IV

List of 70 Centres selected for the new series of Consumer Price Index Numbers and the type of sampling adopted.

Sl. No.	State/Union Territory	Name of the Centre	Type of sampling adopted						
			Factory	Mines	Plan- tation	Motor Trans- port	Electri- city	Ports & Docks	Rail- ways
1	2	3	4	5	6	7	8	9	10
1.	Andhra Pradesh	1. Gudur	P	P	..	P	P(U)	..	P(U)
		2. Guuntur	P	..	..	P	..	..	P(D)
		3. Hyderabad	P	..	..	P	..	P(D)	P(D)
		4. Visakhapatnam	P	..	..	P	..	P(D)	P(D)
		5. Warrangal	P	..	..	P	P(U)	..	T
		6. Kothagudam	P	P	..	..	P(U)	..	P(U)
2.	Assam	7. Doom-Dooma Tinsukia	P	..	P	..	..	..	..
		8. Gauhati	P	..	..	P	P(D)	..	P(D)
		9. Labac-Silchar	P	..	P	P	P(D)	..	P(U)

1	2	3	4	5	6	7	8	9	10
9. Karnataka	.	.	28. Bangalore	P	..	P	P(U)	..	P(U)
			29. Mercara	P	P	P	P(U)	..	..
			30. Hubli-Dharwar	P	..	P	P(U)	..	P(U)
			31. Belgaum	P	..	P	P(U)	..	P(U)
10. Kerala	.	.	32. Alwaye	P	..	P	P(G)	P(D)	P(G)
			33. Mundakayam	P	..	P	..	..	..
			34. Quilon	P	P	P	..	..	P(U)
			35. Trivandrum	P	..	P	P(U)	..	P(U)
11. Madhya Pradesh	.	.	36. Chhindwara	P	..	..	..	..	P(U)
			37. Belaghat	P	P	..	..	..	..
			38. Bhilai	T	..	..	P(G)	..	..
			39. Bhopal	P	P	P	P(D)	..	P(D)
			40. Indore	P	..	P	P(D)	..	P(D)
			41. Jabalpur	T	..	P	T(D)	..	P(D)
12. Maharashtra	.	.	42. Bombay including Thane.	T	..	P	P(D)	P(D)	P(D)
			43. Nagpur	P	..	P	P(D)	..	..
			44. Nashik	P	..	P	P(D)	..	P(D)
			45. Poona	P	..	P	P(D)	..	P(D)
			46. Shelapur	P	..	P	P(U)	..	P(D)

1	2	3	4	5	6	7	8	9	10
13.	Orissa	47. Barbil	P	P	..	..	P(D)	..	..
		48. Rourkela	T	P	..	..	P(U)	..	P(D)
14.	Punjab	49. Amritsar	P	..	..	P	P(U)	..	P(D)
		50. Ludhiana	P	..	..	..	P(D)	..	P(D)
15.	Rajasthan	51. Bhilawara	P	P	..	P	P(D)	..	P(D)
		52. Ajmer	P	..	..	..	P(D)	..	P(D)
		53. Jaipur	P	..	..	P	..	..	P(D)
16.	Tamil Nadu	54. Coimbatore	P	..	..	P	P(U)	..	P(U)
		55. Coonoor	P	..	P	..	P(U)	..	..
		56. Madras	P	P	..	P	P(U)	P(U)	P(U)
		57. Madurai	P	..	..	P	P(U)	..	P(U)
		58. Tiruchirappally	P	..	..	..	..	..	P(U)
		59. Salem	P	P	..	P	P(U)	..	P(U)
17.	Uttar Pradesh	60. Agra	P	..	..	P	P(D)	..	P(D)
		61. Ghaziabad	P	..	..	..	..	..	P(D)
		62. Varanasi	P	..	..	P	P(U)	..	P(D)
		63. Kanpur	P	..	..	P	P(U)	..	P(D)
		64. Sharanpur	P	..	..	P	P(U)	..	P(D)
18.	West Bengal	65. Asansol	P	P	..	..	P(D)	..	P(D)
		66. Calcutta including I.R.	P	..	..	P	P(D)	P(D)	P(D)

1	2	3	4	5	6	7	8	9	10
		67. Darjeeling	P	..	P	..	P(D)	..	..
		68. Durgapur	P	..	..	P	P(D)	..	..
		69. Howrah I.R.	T	..	..	P	..	..	T
		70. Jalpaiguri	P	..	P	..	..	..	P(D)
		71. Raniganj	P	..	..	..	..	..	..
		72. Haldia	P	..	..	..	..	P(D)	..
19.	Pondicherry	73. Pondicherry	P	..	..	P	P(U)	P(U)	..
20.	Chandigarh	74. Chandigarh	P	..	..	P	..	..	..
21.	Goa, Daman & Diu	75. Goa	P	P	..	P	P(U)	P(U)	P(U)
22.	Tripura	76. Tripura	P	..	P	P	..	..	..

(1) P or P(D)-Pay-roll (double-stage)

(2) P(U)- Pay-roll (Uni-stage)

(3) T-Tenement (Tenement sampling is invariably double-stage).

ANNEX V

Sample size adopted for the centres in Family Income and Expenditures survey 1981-82 and 1958-59.

Sr. No.	Name of the State/Union Territory/Centre	Sample size for Family Income & Expenditure Survey during	
		1958-59 survey	1981-82 survey
		No. of Families	
1	2	3	4
Andhra Pradesh			
1.	Gudur	240	864
2.	Guntur	180	216
3.	Hyderabad	480	648
4.	Visakhapatnam	..	216
5.	Warrangal	..	216
Assam			
6.	Digboi	240	..
7.	Doom-Dooma-Tinsukia	480	432
8.	Gauhati	..	216
9.	Labac-Silchar	240	864
10.	Mariani-Jorhat	240	432
11.	Rangapara—Tejpur	480	648
Bihar			
12.	Jamshedpur	720	648
13.	Jharia	960	1080
14.	Kodarma	240	1080
15.	Monghyr—Jamalpur	480	432
16.	Noamundi	240	216
17.	Ranchi—Hatia	..	216

1	2	3	4
<i>Gujarat</i>			
18. Ahmedabad	.	720	648
19. Baroda	.	..	432
20. Bhavnagar	.	240	432
21. Rajkot	.	..	432
22. Surat	.	..	432
<i>Haryana</i>			
23. Faridabad	.	..	432
24. Yamunagar	.	240	432
<i>Jammu & Kashmir</i>			
25. Srinagar	.	480	432
<i>Karnataka</i>			
26. Bangalore	.	720	648
27. Belgaum	.	..	216
28. Kolar Gold Field	.	180	..
29. Hubli Dharwar	.	..	216
30. Mercara	.	..	432
31. Ammathi	.	240	..
32. Chikmagalur	.	480	..
<i>Kerala</i>			
33. Alwaye	.	480	216
34. Munda—Kayam	.	240	432
35. Quilon	.	..	432
36. Trivandrum	.	..	216
37. Alleppey	.	360	..
<i>Madhya Pradesh</i>			
38. Balaghat	.	240	216
39. Bhilai	.	..	432
40. Bhopal	.	240	432
41. Indore	.	480	432

1	2	3	4
42.	Jabalpur	..	432
43.	Gwalior	360	
<i>Mahurashtra</i>			
44.	Bombay	1440	1512
45.	Nagpur	720	648
46.	Nasik	..	216
47.	Poona	..	648
48.	Sholapur	540	432
<i>Orissa</i>			
49.	Barbil	240	432
50.	Rourkela	..	432
51.	Sambalpur	240	..
<i>Punjab</i>			
52.	Amritsar	540	432
53.	Ludhiana	..	432
<i>Rajasthan</i>			
54.	Ajmer	360	216
55.	Jaipur	240	216
<i>Tamilnadu</i>			
56.	Coimbatore	720	432
57.	Coonoor	240	432
58.	Madras	960	648
59.	Madurai	360	216
60.	Saleem	..	216
61.	Tiruchirappally.	..	216
<i>Uttar Pradesh</i>			
62.	Agra	..	216
63.	Ghaziabad	..	216
64.	Kanpur	720	648

1	2	3	4
65.	Saharanpur	360	432
66.	Varanasi	240	216
<i>West Bengal</i>			
67.	Asansol	720	648
68.	Calcutta	720	1512
69.	Darjeeling	480	432
70.	Durgapur	..	432
71.	Haldia	..	216
72.	Howrah-IR.	1200	864
73.	Jalpaiguri	480	432
74.	Raniganj	480	648
<i>Chandigarh</i>			
75.	Chandigarh	..	216
<i>Delhi</i>			
76.	Delhi	720	648
<i>Pondicherry</i>			
77.	Pondicherry	..	216
TOTAL		23400	32616

ANNEX VI

Number of Centres/Markets under the Consumer Price Index Numbers scheme (1960 series and 1981-82 series)

Sl. No.	State	1960 series		1981-82 series	
		Centres	No. of markets	Centre	No. of markets
1	2	3	4	5	6
1.	Andhra Pradesh	1. Gudur 2. Guntur 3. Hyderabad	2 1 3	1. Gudur 2. Guntur 3. Hyderabad 4. Vishakhapatnam 5. Warrangal	2 1 3 2 1
2.	Assam	4. Digboi 5. Doom Dooma 6. Labac 7. Mariani 8. Rangapara	1 1 1 1 1	6. Doom-Dooma—Tinsukia 7. Gauhati 8. Mariani—Jorhat 9. Silchar—Labac 10. Rangapara—Tejpur	3 4 2 2 2

1	2	3	4	5	6
3.	Bihar	9. Jamshedpur 10. Jharla 11. Kodarma 12. Noamundi 13. Monghyr—Jamalpur	4 11. Jamshedpur 4 12. Jharla 2 13. Kodarma 1 14. Monghyr Jamalpur 2 15. Moamundi 16. Ranchi—Hatia		4 4 2 2 1 3
4.	Gujarat	14. Ahmedabad 15. Bhavanagar	6 17. Ahmedabad 2 18. Baroda 19. Bhavnagar 20. Rajkot 21. Surat		8 3 3 3 3
5.	Haryana	16. Yamunanagar	2 22. Faridabad 23. Yamunanagar		3 2
6.	Jammu & Kashmir	17. Srinagar	3 24. Srinagar		4
7.	Karnataka	18. Ammethi 19. Bangalore 20. Chikmangalur 21. Kolar Gold Field	1 25. Bangalore 2 26. Belgaum 3 27. Hubli Dharwar 1 28. Mercara 1 29. Alwaye 1 30. Mundakayam 1 31. Quilon 32. Trivandrum		4 2 2 3 2 3 1 1

1	2	3	4	5	6
9. Madhya Pradesh	.	25. Balaghat	2	33. Balaghat	3
		26. Bhopal	3	34. Bhillai	2
		27. Gwalior	2	35. Bhopal	4
		28. Indore	4	36. Indore	4
				37. Jabalpur	4
10. Maharashtra	.	29. Bombay	12	38. Bombay	13
		30. Nagpur	4	39. Nagpur	5
		31. Sholapur	4	40. Nasik	2
				41. Poona	4
				42. Sholapur	2
11. Orissa	.	32. Barbil	2	43. Barbil	2
		33. Sambalpur	2	44. Rourkela	2
12. Punjab	.	34. Amritsar	5	45. Amritsar	5
				46. Ludhiana	4
13. Rajasthan	.	35. Ajmer	4	47. Ajmer	2
		36. Jaipur	4	48. Jaipur	4
14. Tamil Nadu	.	37. Coimbatore	1	49. Coimbatore	2
		38. Coonoor	2	50. Coonoor	2

39. Madras	4	51. Madras	6
40. Madurai	1	52. Madurai	1
		53. Salem	1
		54. Trichurapalli	1
41. Kanpur	5	55. Agra	5
42. Saharanpur	2	56. Ghaziabad	1
43. Varanasi	3	57. Kanpur	7
		58. Saharanpur	2
		59. Varanasi	5
44. Asansol	5	60. Asansol	4
45. Calcutta	5	61. Calcutta including Calcutta I.R.	10
46. Darjeeling	4	62. Darjeeling	4
47. Jalpaiguri	4	63. Durgapur	2
48. Howrah	4	64. Haldia	3
49. Raniganj	4	65. Howrah I.R.	6
		66. Jalpaiguri	4
		67. Raniganj	3
17. Chandigarh	2	68. Chandigarh	2
18. Delhi	6	69. Delhi	6
19. Pondicherry	1	70. Pondicherry	1

ANNEX VII

List of Common Centres in Labour Bureau Series & State Series

	1960 Series of Labour Bureau	1981-82 Series of Labour Bureau	State Series	Base 1949 = 100
Assam	1. Labac 2. Doom-Dooma	1. Gauhati 2. Labac-Silchar 3. Doom-Dooma Tinsukia	1. Gauhati 2. Silchar 3. Tinsukia	
Bihar	3. Jbaria 4. Jamshedpur 5. Monghyr—Jamalpur	4. Jbaria 5. Jamshedpur 6. Monghyr—Jamalpur 7. Ranchi Hatia	4. Jbaria 5. Jamshedpur 6. Monghyr 7. Ranchi Hatia	12 month ^s ending July 1939 = 100
Gujarat	8. Rajkot	8. Rajkot	8. Rajkot	(1971—100)
Haryana	9. Faridabad	9. Faridabad	9. Faridabad	(1972-73 = 100)
Karnataka	10. Belgaum	10. Belgaum	10. Belgaum	(1960 = 100)

Kerala	.	.	.	6. Alleppy 7. Mundakayam 8. Alwaye	11. Alwaye 12. Mundakayam 13. Quilon 14. Trivandrum	11. Alleppy 12. Mundakayam 13. Quilon 14. Trivandrum	(1970 = 100)
Maharashtra	.	.	.	.	15. Pune	15. Pune	(1961)
Punjab	.	.	.	.	16. Ludhiana	16. Ludhiana	(1976)
Tamil Nadu	.	.	.	.	17. Tiruchirapalli	Tiruchirapalli (1960) 4 centres on base 1951 = 100 covering the districts of Birbhum, Bankura, Midnapore, Purulia, Nadia, Mureshidabad, Malda and West Dinajpur.	

